



---

# ***Daily Report***

## **East Asia**

FBIS-EAS-88-065

Tuesday

5 April 1988

# Daily Report

## East Asia

FBIS-EAS-88-065

### CONTENTS

5 April 1988

#### NORTHEAST ASIA

##### Japan

Government Continues Seeking Seamen's Release .....	1
North Korea Refuses Talks .....	1
Police Investigate New COCOM Violations .....	1
Firms Seem To Favor PRC, Thailand in Trade .....	2
Miyazawa on Coordinated Money Policies .....	2
Central Bank Governor Warns Against Inflation .....	3
Farm White Paper Urges Easing of Import Curbs .....	3
Diet Approves Provisional 1988 Budget .....	3

##### North Korea

Third Session of Eighth SPA Opens 5 April .....	4
Kim Il-song Attends .....	4
Yang Hyong-sop Opens Session .....	4
Discussion of State Budget .....	5
Dailies on Attempt To Obstruct Student Meeting .....	6
No Remarks on Post-Olympic Ties 'Illogical' [VNS] .....	6
Commentary on Plan To Resolve Kwangju Incident .....	7
Visit of 'Imperialist Plotter' Sigur Assailed .....	7
UK Defense Secretary's Seoul Visit Criticized .....	8
Japan's Plans for Olympic 'Naval Watch' Scored .....	8
Chongnyon Denounces Japan for KAL 'Sanctions' .....	9
Prince Sihanouk Arrives in Pyongyang 5 April .....	9
Welcomed by Kim Il-song .....	9
Reportage on Visit of PRC Delegation .....	10
Meets With Kim Il-song .....	10
Attends Wonsan Mass Rally .....	10
Provincial Delegation Returns From PRC .....	10
Joint Soviet Trade Protocol Signed in Moscow .....	11
'Big Successes' Noted in 200-Day Campaign .....	11
Industrial Production Boosted .....	11
Kim Il-song Sends Thanks to Steel Workers .....	11
Hwanghae Steel Workers Adopt Campaign Appeal .....	12

##### South Korea

U.S. Assistant Secretary of State Arrives .....	12
Meets With No Tae-u, Officials .....	12
Concludes Visit, Departs .....	13
Further on Upcoming Assembly Elections .....	13
RDP Completes Nomination List [THE KOREA TIMES 3 Apr] .....	13
Kim Yong-sam Urges RDP Support [THE KOREA HERALD 2 Apr] .....	13
RDP Attacks DJP for Saemaul Affair [THE KOREA TIMES 2 Apr] .....	14
NDRP Head Scores Rivals, Not DJP [THE KOREA HERALD 3 Apr] .....	14
PPD To Include Dropped Nominees [THE KOREA TIMES 2 Apr] .....	14
False Registrations Increase [THE KOREA TIMES 2 Apr] .....	15
YONHAP Previews Campaign .....	15
Punishment Sought for Saemaul Officials [THE KOREA TIMES 2 Apr] .....	16
Inquiry Into Younger Chon's Overseas Purchases [THE KOREA HERALD 2 Apr] .....	16
Kim Yong-sam Demands Chon's Return From U.S. ....	17

Stock Market Rebounds After Saemaul Arrests [THE KOREA HERALD 3 Apr]	17
Former Saemaul Head Resumes Role as Chairman [THE KOREA TIMES 5 Apr]	18
Kim Tae-chung on 'Superficial' Kwangju Measures [THE KOREA TIMES 3 Apr]	18
Tariff Cuts Set for 92 'Major Consumer' Items	18
Ministry Eases Raw Material Import Restrictions	18
U.S. Software Makers Probe Illegal Copying [THE KOREA HERALD 3 Apr]	19
Livestock Group Says U.S. Feed Prices Too High	19
'Special' Military Employment System Abolished	19
First Quarter Merchandise Exports Increase	20
Ban on Two Poets' Literary Works Lifted [THE KOREA TIMES 2 Apr]	20

## SOUTHEAST ASIA

### Brunei, Malaysia & Singapore

#### Malaysia

Foreign Minister Returns From Near East	21
---	----

#### Singapore

Tahitian Group Denies 'Terrorist' Links [AFP]	21
---	----

#### Cambodia

Prince Ranariddh Cited on New Weapons [AFP]	22
Vietnamese Killed in Hand Grenade Attacks [VODK]	22

#### Indonesia

Foreign Minister Alatas Views ASEAN Role	23
Minister Advises Tighter Control of Foreigners [AFP]	23

#### Laos

Phoun Sipaseut Returns From Visit to Japan	23
Sali Vongkhamsao Reports on Accounting System	24
Reviews Production Increases	24
Details Salary Increases	26
Explains Price-Setting	28
Outlines Plans for 1988	31

#### Philippines

Honasan Gives Interview After Escape [PHILIPPINE DAILY GLOBE 5 Apr]	32
Official Defends Ban on Honasan Interviews	33
Enrile Criticizes Ban	34
Opposition Opposes Interview Ban	34
Broadcaster Deplores Bans [BUSINESS WORLD 5 Apr]	34
Senator Enrile's Batangas House Raided [THE MANILA CHRONICLE 4 Apr]	35
Speaker Queries U.S. Role in Honasan Escape [BUSINESS WORLD 5 Apr]	36
Base Talks, Honasan Linked [BUSINESS WORLD 5 Apr]	37
Review of U.S. Bases Agreement Begins	38
Manglapus Heads 10-Man Panel	38
Aquino Fails To Comment on Manglapus Statement [THE MANILA CHRONICLE 4 Apr]	38
American Chambers of Commerce Favors Bases [BUSINESS WORLD 4 Apr]	39
Grace Period for Bases Pullout Suggested	39
Senator Suggests Return of Clark Land	39
Base Workers Protest Abolition of Posts	40
Aquino's Itinerary of PRC Trip Revealed	40
Communist Power Struggle Linked to Arrests [BUSINESS WORLD 4 Apr]	41

Figures Reveal Military's Edge Over Guerrillas [THE MILITARY CHRONICLE 2 Apr]	42
Communists Said To Face Setback [AFP]	43
PC Ordered To Intensify Campaign	43
NPA Said Driven Out of 19 Albay Barangays [PHILIPPINE DAILY GLOBE 5 Apr]	44
CPLA-NPA Fighting Sparks Evacuation	44
Japan Agrees To Reschedule Loan Repayment	44

### Thailand

U.S. Interest Section in SRV Opposed [BANGKOK POST 5 Apr]	44
Spokesman Sees 'No Use' in Talks With Laos [BANGKOK POST 5 Apr]	45
Soviet Justice Minister on Bilateral Ties [THE NATION 5 Apr]	45
Indonesian Foreign Minister Arrives in Bangkok [THE NATION 5 Apr]	46
Soldier Wounded in Clash With Vietnamese [BANGKOK POST 5 Apr]	46

### Vietnam

Visit of U.S. Congress Delegation Reported	46
Hindrance of Spratlys Rescue Efforts Reported	47
Soviet Envoy Backs Negotiations With PRC	47
Spratly Dead Eulogized at Memorial Service	47
Envoy Reaffirms Sovereignty Over Spratlys	47
Minh Hai Purification Campaign Conducted	48
Draft Criminal Code To Be Publicized	50
Various Economic Components Production Roles	50
Official on Vung Tau-Con Dao Special Zone [NHAN DAN 10 Mar]	51
Over 1.3 Million People Settle in New Land	52
Marine Transport Service Development Planned	53

## AUSTRALASIA

### New Zealand

Soviet Naval Officer Clarifies Pacific Stand [THE EVENING POST 22 Mar]	54
Denies Cam Ranh Bay Soviet Base [THE EVENING POST 22 Mar]	54
Reporter 'Debunks' USSR Admiral's Remarks [THE EVENING POST 30 Mar]	55



## Japan

### Government Continues Seeking Seamen's Release

OW050233 Tokyo KYODO in English 0217 GMT  
5 Apr 88

[Text] Tokyo, April 5 KYODO—The Japanese Government will continue to do its utmost to secure the early release of two Japanese seamen held in North Korea since December 1983, government spokesman Keizo Obuchi said Tuesday.

The chief cabinet secretary told reporters after a regular cabinet meeting that the government has been making efforts for the release of the Japanese seamen through various steps.

Obuchi said the government wants the release of the Japanese seamen from a humanitarian viewpoint and the case has no connection with a package of sanctions Japan has taken against North Korea.

Japan imposed the sanctions against North Korea in January for what it said was terrorism which caused the November 29 crash of a South Korean airliner with 115 people aboard.

The government spokesman said negotiations with North Korea through a third country may be among options for efforts to secure the release of the Japanese seamen because Japan has no diplomatic ties with North Korea.

Obuchi refused to say whether Japan had already sought negotiations with North Korea through a third country.

The two Japanese were sentenced by a North Korean court to 15 years labor on espionage charges last December.

### North Korea Refuses Talks

OW050149 Tokyo KYODO in English 0125 GMT  
5 Apr 88

[Text] Tokyo, April 5 KYODO—North Korea has declared its refusal to conduct negotiations through third countries with Japan on the return of two Japanese seamen who have been detained in North Korea since 1983.

The refusal was made by the director of the Information Department of the North Korean Foreign Ministry on Monday in reply to reporters of the (North) KOREAN CENTRAL NEWS AGENCY, according to a KCNA report monitored here.

The North Korean official said Japanese sanctions against North Korea, imposed in January in connection with the KAL incident last November, have ruined chances for the return of the two Japanese seamen, the report said.

"The Japanese Government blocked the road of the solution of the crewmen's problem by severing contact between Korean and Japanese diplomats" with the anti-Pyongyang sanctions, the KCNA report quoted the official as saying.

The Korean official also said the Japanese authorities were attempting to persuade third countries on friendly terms with North Korea enter into negotiations on the problem of the Japanese seamen, the report said.

The Korean official termed it "a very shameless and crafty trick to mislead public opinion at home and abroad by creating the impression that they (the Japanese authorities) are making sustained efforts to solve the problem through a third party, if possible, but it fails to be solved owing to the lack of humanitarian considerations on our part."

The two men, Isamu Beniko, 58, and Yoshio Kuriura, 56 were sentenced to 15 years at labor by a North Korean court last December. They were arrested when their ship returned to North Korea after a North Korean soldier stowed away on its previous voyage and entered Japan.

The North Korean official also accused Japan of "intensifying maneuvers to suppress the General Association of Korean Residents in Japan (Chongnyon)."

Japan has recently refused to issue visas to leaders of Chongnyon pro-Pyongyang organization, for their reentry into Japan after their planned attendance at a North Korean Parliament session.

The problem of the seamen cannot be solved even through a third with "this fundamental question left unsolved," the official was quoted as saying.

### Police Investigate New COCOM Violations

OW050407 Tokyo KYODO in English 0328 GMT  
5 Apr 88

[Text] Tokyo, April 5 KYODO—Police searched two Japanese trading firms Tuesday on suspicion of providing sophisticated measuring devices to China in violation of COCOM [Coordinating Committee for Multilateral Export Controls] restrictions on exports to communist countries.

Police named the firms as Kyokuto Shokai Co. and Shinsei Koeki Co., both based in Tokyo. All the devices concerned were made by Iwatsu Electric Co., also of Tokyo.

Kyokuto Shokai is suspected of selling to China five digital memory devices, a sampling oscilloscope and a signal analyzer between June 1985 and June 1986.

Shinsei Koeki is believed by police to have exported two digital memory devices to China between August and November of 1986.

Police said the companies failed to file necessary prior applications for exporting the items, all on the COCOM control list. The companies are specifically believed to have violated the foreign exchange and foreign trade control law.

This follows a COCOM violation case which came to light last spring, involving Toshiba Machine Co.'s exports of milling machines to the Soviet Union. That disclosure led to protests by members of the U.S. Congress, who said the sale had damaged Western security.

Like the Toshiba case, the latest investigation follows a tip-off from the United States, which led the Ministry of International Trade and Industry (MITI) to file an investigation request to the Tokyo Metropolitan Police Department, police said.

The sophisticated digital measuring devices in the latest case can reportedly be converted for military use, according to informed sources.

Thus there is concern here that the case may trigger more trade friction between Japan and the United States.

COCOM, a Paris-based group made up of Japan and all 16 members of NATO (the North Atlantic Treaty Organization), except for Iceland, is aimed at controlling the flow of sophisticated high-tech and strategic goods to the Communist Bloc.

Items on the control list number more than 170, and Japanese firms are required to obtain the MITI minister's approval for exports of such items to communist nations.

**Firms Seem To Favor PRC, Thailand in Trade**  
*OW041151 Tokyo KYODO in English 1034 GMT*  
4 Apr 88

[Text] Tokyo, April 4 KYODO—An increasing number of Japanese firms plan to establish new factories in China or Thailand, according to a survey conducted by a quasi-governmental trade body.

The Japan-China Association on Economy and Trade said 97 out of the 279 Japanese firms which responded that they are planning to set up new plants overseas, said they will establish the plants in Thailand and North America and that 94 firms said they will choose China as their plant site.

The survey was conducted last September on 5,271 firms with paid-up capital of more than 30 million yen and which have a work force of more than 50. Of the total, 668 firms responded. The association is affiliated with the Ministry of International Trade and Industry (MITI).

Association officials attributed the surging popularity of China and East-Asian nations among Japanese firms to labor costs lower than those in newly industrializing countries (NICs) like South Korea and Taiwan.

"The Japanese firms in the labor-intensive industrial sectors are seeking lower labor costs in China and East-Asian nations to circumvent an adverse impact of rises in labor costs in Asian NICs," an official said.

The official said that if China would ease its strict foreign-reserve policy to enable foreign firms to convert their yuan earnings into yen or dollar funds for transfer to their home countries, Japanese firms would step up their investment in China. Currently, the lack of foreign currency reserves in China prevents foreign business firms from raising dollar or yen funds inside China, or from converting their yuan earnings into yen or U.S. dollars, the association official said.

The lack of foreign reserves also blocks such firms operating in China from importing the parts or material required to manufacture higher value-added products, the official said.

By industry, Japanese chemical, foodstuff and electronics corporations are highly interested in investing in China and Thailand, according to the survey.

Thirteen, or 45 percent of the 29 chemical companies planning to set up plants overseas, said they are considering China for their plant site, the official said.

The official linked the popularity of China among Japanese chemical firms to more relaxed government regulations than in Japan on industrial pollution.

A total of 88 percent of the Japanese foodstuff firms which responded they are planning to invest overseas, said that they are considering investing in China or Thailand.

**Miyazawa on Coordinated Money Policies**  
*OW050249 Tokyo KYODO in English 0149 GMT*  
5 Apr 88

[Text] Tokyo, April 5 KYODO—Finance Minister Kiichi Miyazawa said Tuesday the Group of Seven (G-7) leading industrial nations will reiterate their support for coordinated policies to stabilize currency rates in a statement they will issue following a meeting in Washington in mid-April.

The G-7 financial heads "will review developments in the world currency markets after their joint statement announced last December," Miyazawa told a press conference.

Foreign exchange rates have shown comparative stability this year mainly as a result of active concerted intervention in currency markets under the December accord, though the U.S. currency remains weak, he said.

Miyazawa said he is satisfied with the present situation on foreign exchange markets, where the dollar is hovering against the Japanese unit at around 125 yen.

### Central Bank Governor Warns Against Inflation

OW050425 Tokyo KYODO in English 0409 GMT  
5 Apr 88

[Text] Tokyo, April 5 KYODO—Bank of Japan Governor Satoshi Sumita warned Tuesday that the present growth pace in the money supply is considerably faster than what is justified by Japan's economic expansion, threatening to trigger an upsurge in currently stable commodity prices.

In a semiannual meeting of managers of 33 domestic branches and overseas offices in New York and London, he stressed the importance of money supply as a major economic indicator.

Sumita added that, even if the effect of Japan's financial liberalization is taken into consideration, the current pace of growth in money supply is "extremely high" from a long-term viewpoint of stabilization on the inflation front.

Japan's money supply continued to expand at a year-on-year rate of around 12 percent in recent months.

But Sumita added that the country's wholesale prices are expected to stay stable "for a while," due to a declined in prices of imported products and lower crude oil prices as a result of the yen's advance against the U.S. dollar.

Referring to tangible improvements in external imbalances and a less-than-expected adverse impact of last October's stock market crash, Sumita said the world economy is taking a favorable direction.

Sumita stressed the need for coordinated policies, including concerted intervention in currency markets among major industrialized nations like the United States and Japan for further shrinkage of trade imbalances and stabilization of foreign exchange rates.

He expressed his satisfaction with the present position on foreign exchange markets, where the U.S. dollar remains stable against the yen, hovering in a narrow range mostly between 125 yen and 130 yen—following intervention by the Bank of Japan and the U.S. Federal Reserve Board.

Sumita added that the central bank will retain its present monet stance, which is neutral regarding credit conditions, while closely monitoring commodity prices and foreign exchange markets.

### Farm White Paper Urges Easing of Import Curbs

OW050303 Tokyo KYODO in English 0102 GMT  
5 Apr 88

[Text] Tokyo, April 5 KYODO—Japan should ease curbs on farm imports and the domestic agricultural industry should boost its productivity to cope with the increasing internationalization of the Japanese market, according to an annual government report on agriculture released Tuesday.

Japanese imports of farm products increased 12 percent in 1987 over the previous year, and the price index of imported products dropped 13.2 percent thanks mainly to the steep appreciation of the yen, the agricultural white paper said.

The report, submitted to the day's cabinet meeting by Agriculture, Forestry and Fisheries Minister Takashi Sato, said Japan should further improve foreign access to its market while trying to develop its own agricultural industry to be internationally competitive.

In order to bolster domestic productivity, it is important to curtail the cost of land-intensive production centered on rice, as well as to develop high-quality, high value-added products in line with consumer needs, the paper said.

Referring to the contentious issue of beef imports, the report stressed the importance of protecting domestic producers while calling for an appropriate amount of imports.

As for rice, the paper said there is much room for improvement in the distribution system, and it is imperative to organize a system more responsive to the supply-demand situation by bringing competition to every stage of distribution.

It also emphasized the significance of expanding the size of farmland by carrying out a proper land policy.

### Diet Approves Provisional 1988 Budget

OW050625 Tokyo KYODO in English 0550 GMT  
5 Apr 88

[Text] Tokyo, April 5 KYODO—The Diet cleared a 3,091.5 billion yen provisional budget to cover expenditures for the first 8 days of Fiscal 1988 Tuesday when it was approved by the House of Councillors.

The stopgap budget was necessitated by a boycott of debate in the Diet—which ended last Wednesday—by opposition parties protesting the government's plan to introduce a new indirect tax to make up revenue loss envisaged by income tax cuts.



The main 56,690 billion yen state budget for Fiscal 1988, which started April 1, has already been approved by the House of Representatives and will automatically go into effect on April 8 in accordance with the Constitution, even if the Upper House fails to act on it.

Political sources said, however, that the Upper House will approve the main budget at a plenary session Thursday evening under an agreement reached between the ruling Liberal Democratic Party and the opposition camp Tuesday.

### North Korea

#### Third Session of Eighth SPA Opens 5 April

##### Kim Il-song Attends

*SK051055 Pyongyang KCNA in English 1041 GMT  
5 Apr 88*

[Text] Pyongyang April 5 (KCNA)—The Third Session of the Eighth Supreme People's Assembly of the Democratic People's Republic of Korea opened today at the Mansudae Assembly Hall the session was attended by deputies to the SPA.

Officials of the party, government, administrative and economic organs and public organizations and officials in the sectors of science, education, culture and art and public health attended the session as observers.

Foreign diplomatic envoys in Pyongyang were present on invitation.

The great leader of our party and our people Comrade Kim Il-song, president of the Democratic People's Republic of Korea, mounted the platform.

The platform was also taken by the members of the Presidium of the Political Bureau of the Central Committee of the Workers' Party of Korea.

Members and alternate members of the Political Bureau of the WPK Central Committee, members of the Central People's Committee, secretaries of the WPK Central Committee, vice-premiers of the Administration Council and members of the Standing Committee of the Supreme People's Assembly were among those on the platform.

The chairman and vice-chairmen of the SPA took their seats to chair the session.

Chairman Yang Hyong-sop made an opening address.

The session adopted as the agenda item "on the results of the fulfilment of the state budget for 1987 and on the state budget for 1988 of the DPRK."

Deputy Yun Ki-chong, minister of finance, made a report on the agenda item.

Deputy Pak Sung-il, member of the Budget Committee of the SPA, made a report on the results of the committee's consideration of the results of the fulfilment of the state budget for 1987 and the state budget for 1988 of the DPRK.

Debate on the agenda item took place.

The floor was taken by Deputies Cho Se-ung, Han Chang-kon, Yi Chun, Yi Chong-sun and Kim Tong-myong.

The speakers noted: The state budget last year was fulfilled with credit in accordance with the line of socialist economic construction laid down by the great leader Comrade Kim Il-song and the financial policy of our party. As a result, it made a positive contribution to the successful fulfillment of the first year assignments of the new long-range plan, increase of the potentials of the country and further promotion of the material and cultural well-being of the people.

All the achievements made in the fulfilment of the state budget last year were a fruition of the wise guidance of Comrade Kim Il-song and our party and a precious result of the boundless loyalty of the entire working people to the party and the leader, they stressed.

The speakers expressed full approval of and support to the state budget for 1988, adding that it was correctly worked out on the basis of the tasks of grand socialist construction advanced by Comrade Kim Il-song and the economic construction policy of our party, so as to open a bright prospect for the fulfilment of the Third Seven-Year Plan, promote the complete victory of socialism in the northern half of the republic and celebrate the 40th anniversary of the DPRK founding as a grand festival of victors.

The session continues.

##### Yang Hyong-sop Opens Session

*SK050910 Pyongyang Domestic Service in Korean  
0600 GMT 5 Apr 88*

[Opening speech by Yang Hyong-sop, chairman of the SPA, at the first day's morning sitting of the Third Session of the Eighth SPA at the Mansudae Assembly Hall on 5 April—recorded]

[Text] Comrade deputies: Today we are attending the Third Session of the Eighth SPA at a time when all the working people across the country are vigorously carrying out the 200-day campaign and effecting new revolutionary upsurges in all fronts of socialist construction, in response to the militant call in the letter and slogans of the party Central Committee. The working people are also upholding the new year's address of the great leader Comrade Kim Il-song and the decisions made at the 13th plenary session of the 6th WPK Central Committee.

Great changes have made in our people's revolutionary struggle and construction work over the past period which spans the second session of the eighth SPA and today.

Upholding the leadership of the WPK led by the respected and beloved Comrade Kim Il-song [as heard], our people have built a large number of monumental creations that will last for thousands of years. They have also achieved valuable successes that will contribute to promoting the wealth and power of the nation, to developing the nation, and to promoting the people's welfare by successfully waging the first year's battle of the Third 7-Year Plan. They will do this by energetically carrying out the three revolutions—ideological, technological, and cultural—under the revolutionary banner of the *chuche* idea. [applause]

Thanks to the labor exploits of our working class and the entire working people, who have displayed unrivaled heroism in the first march of the great socialist construction under the leadership of the party, a breakthrough has been made for implementing the grand, new long-range plans; and the groundwork has been laid for new revolutionary upsurges in the history of the socialist construction of the Republic.

Amid the rewarding struggle waged to achieve the cause of imbuing society with the *chuche* idea, a new change has been effected in our people's (?ideological and spiritual traits), and in the popular masses' political and ideological unity and cohesion, which are based on the great *chuche* idea and which have been cemented even more invincibly. [applause]

Last year, our friendly and cooperative relations with various countries in the world, including the fraternal socialist countries and nonaligned countries, were further developed thanks to the correct foreign policy of our party and the government of the Republic, and their active foreign activities. International solidarity with our people's cause of national reunification has thus been strengthened.

All the successes attained last year in the revolutionary struggle and in construction work clearly proved the justness and vitality of our party's policy. They additionally powerfully demonstrated the might of our self-reliant national economy, the unequalled superiority of our country's socialist system, and the invincibility of our revolutionary ranks, who are firmly united around the party and the leader in one ideology and will. [applause]

[Word indistinct], with deep insight into the demand of [words indistinct], (?the great leader Comrade Kim Il-song) offered the militant task of demonstrating the might of our Republic and adding luster to the 40th anniversary of the founding of the Republic as a great festival of victors by this year again effecting a great upsurge on all fronts of socialist construction. Our party

put forward the letter and the slogans of the party Central Committee on the occasion of the 40th anniversary of the founding of the Republic, and made all party members and working people participate in the 200-day campaign.

Now all the people are effecting new revolutionary upsurges in all sectors of socialist construction, for they have launched into the 200-day campaign with high faith in victory, in accordance with the militant call of the party and the leader. The SPA, which is being held at this historic time, will discuss important problems in socialist construction and the promotion of well-being for the people, with the active participation of all the comrade deputies. The SPA will also encourage our people's struggle to accelerate the complete victory of socialism in the northern half of the republic and the cause of reunifying the country. [applause]

As the session comes into being in accordance with Article 78, Chapter 5 of the socialist Constitution of the DPRK, I declare the Third Session of the Eighth SPA to be open. [applause]

#### Discussion of State Budget

SK050827 Pyongyang KCNA in English 0804 GMT  
5 Apr 88

[Text] Pyongyang April 5 (KCNA)—The Third Session of the Eighth Supreme People's Assembly opened here today is discussing the summing up of the fulfilment of the state budget of the Democratic People's Republic of Korea for 1987 and the state budget for 1988.

According to a report submitted to the session, our total state budgetary revenue last year amounted to 30,337,200,000 won, 0.1 percent above the plan.

The state budgetary revenue last year quickly increased by 6.3 percent as against the previous year.

The total state budgetary expenditure last year was 30,085,100,000 won, or 99.3 percent of the plan, and a growth of 5.9 percent above 1986.

Thus the state budget last year was successfully fulfilled with an excess of revenue against expenditure amounting to 252,100,000 won while satisfactorily guaranteeing financially all policies of our party and the government of the DPRK to accelerate socialist economic construction and cultural building, increase the nation's might and improve the people's living.

In last year's state budget, financial expenditure for the national economy was markedly increased to 107.3 percent, of which the investment in productive capital construction to 108.7 percent as compared with the 1986 figures, in accordance with the strategic task of socialist economic construction advanced by our party.



Generals, officers and men of the People's Army numbering 100,000 proceeded to industrial establishments, rural communities, fishing villages and other sectors of the national economy to take hammers or sickles instead of rifles last year.

In this connection, our party and the government of the Republic markedly slashed the expenditure for defence building previously earmarked in the state budget last year, directing 13.2 percent of the total state budgetary expenditure to defence spending.

The state budget for 1988 has been worked out well by fully mobilizing the country's financial resources so as to guarantee financially the grand construction for attaining the ambitious targets of the Third Seven-Year Plan ahead of the set time.

The sum total of revenue and expenditure of the state budget for this year is respectively put at 31,852,100,000 won, or respectively 105 percent and 105.9 percent as against last year.

The state budget this year scales up more than 200 times the 1948 figure.

The outlay for the national economy is expected to increase by 7 percent above last year's and this year, too, the greatest portion of it will be disbursed for the capital construction.

The state budget for this year envisages appropriations of a colossal amount of fund for the capital construction to carry on industrial construction including the construction of major objects of the key industries on an unprecedentedly large scale and to push ahead with the construction of Kwangbok Street and major projects in Pyongyang.

This year's expenditure for scientific research and technical progress will increase 1.4 times above last year thanks to the step for developing science and technology fast.

The U.S. imperialists who keep up their military occupation of South Korea are further aggravating the North-South military confrontation, ceaselessly staging the "Team Spirit" joint manoeuvres and other large-scale war games. Under such circumstances, this year, the government of the Republic will earmark 12.2 percent of the appropriations of the state budget far less than last year, for the national defence according to the policy of our party to ease the tension of the country and bring about a favourable phase for its peaceful reunification.

**Dailies on Attempt To Obstruct Student Meeting**  
*SK050855 Pyongyang KCNA in English 0832 GMT*  
5 Apr 88

[Text] Pyongyang April 5 (KCNA)—NODONG SINMUN and MINJU CHOSON today denounce the South Korean puppet clique for trying to obstruct a meeting of students in the North and the South of Korea.

NODONG SINMUN in a signed commentary says:

The South Korean puppets refused to receive the letter sent by Kim Il-song University in response to the call of the students of Seoul University for creating an opportunity of a meeting between students of the North and the South and are stretching their crooked hand of suppression to the students of Seoul University. If they have the intention to hold a dialogue with us and reunify the country, there can be no reason for the South Korean ruling quarters to regard it problematic for students and other segments of the people to have dialogue with us. Moreover, since they have failed to take any initiative for the country and the nation, they should appreciate the patriotic deed of students and help them bring it to a success. But, as soon as the students of Seoul University put up a large wallpaper [wall poster] containing a proposal for North-South students talks, the South Korean ruling quarters put them on the "want list" and stretched tentacles of fascist suppression, crying that they would neither receive nor convey the letter. This is one more intolerable act of treachery that can be committed only by the No Tae-u group which is wedded to the arbitrary way of thinking that dialogue can be done only by them and they alone can hold debates on reunification.

The No Tae-u "regime" has nothing different from the former Chen Tu-hwan treacherous "regime" in the military and fascist character and in the wrong attitude toward the reunification question.

The No Tae-u group must discontinue suppression of the students who took a righteous initiative for the country and the nation and, though belatedly, provide conditions for students in the North and the South to meet with each other.

**No Remarks on Post-Olympic Ties 'Illogical'**  
*SK010647 (Clandestine) Voice of National Salvation*  
*in Korean to South Korea 0300 GMT 26 Mar 88*

[Station commentary]

[Summary from poor reception] No Tae-u, speaking at a luncheon (?24) March "babbled about constructing a reunified democratic state, pretending to be interested in the reunification of the country. However, he cannot conceal his nature as a splittist and a bellicose element."

"No Tae-u stated that if the Seoul Olympics turn out to be successful, a thaw must come to the frozen truce line. He said a new era will begin in North-South relations, suggesting that the Olympics will contribute to reunifying the country. However, this is illogical."

The No Tae-u ring, together with the U.S. aggressors, are building up armed forces in South Korea and its surrounding waters under the pretext of the success and security of the Olympic games. This means that the

Seoul Olympics are being abused for war and the division of the country "rather than for peace on the Korean peninsula and peaceful reunification."

"Nevertheless, No Tae-u raved that if the Seoul Olympics turn out to be successful, a favorable environment for reunifying the country will thus be provided. This is illogical, and a cunning sophistry designed to calm the struggle spirit of our people, who oppose and reject the criminal maneuvers of the United States and the No Tae-u military dictatorial group of scheming to use the Olympics for their sinister political purposes.

"No Tae-u also called for everyone's efforts to open a new history of democratic reunification, transcending the differences in systems, regions, and political positions. However, this is also the sophistry of a splittist whose intent is different from his words. If No Tae-u truly possesses the will to join hands for reunification, by transcending systems and political positions, he should demonstrate it by practical action. However, how can we describe the actions of the No Tae-u ring as those of someone who desires reunification, since the No Tae-u ring has turned away from all the serious and constructive proposals of the North, the other party to dialogue, and has conducted vicious anti-North commotions, indulging in maneuvers for confrontation and war?"

"We are aware that the North, in an effort to promote national reconciliation and unity, sent the South a letter proposing the convocation of a North-South joint conference this year to discuss such issues as suspending large-scale military exercises, including the "Team Spirit" war exercise, and calling for multinational arms reduction talks. Nevertheless, traitor No Tae-u, rejecting this constructive proposal, has been carrying out an anticommunist campaign and dashing toward confrontation and war preparations. This therefore leads us to indignation concerning his brazen advocacy of opening a new history of democratic reunification, by transcending differences in systems and political positions."

"No matter how hard traitor No Tae-u may try to babble about reunifying the country to conceal his splittist and bellicose nature, our people will not be deceived. With united strength, our people will wage a pannational struggle for independence, democracy, and reunification to liquidate the U.S. colonial rule and the military dictatorship; to build an independent and democratic society; and to expedite the reunification of the country."

**Commentary on Plan To Resolve Kwangju Incident**  
SK042340 Pyongyang KCNA in English 2240 GMT  
4 Apr 88

["Not 'Settlement,' but Insult"—KCNA headline]

[Text] Pyongyang April 4 (KCNA)—The "plan to settle the Kwangju incident" published by the South Korean puppet administration on April 1 is nothing but a trick to

conceal the truth of the Kwangju bloodbath with deception and hypocrisy and shirk the responsibility for it, declares NODONG SINMUN in a signed commentary Monday.

The commentary says:

The "plan" is not one to clarify the truth of the Kwangju incident and remedy the people's grievances. It is a pseudo-plan to insult the Kwangju people and fool the South Korean people. It is outrageous for the puppets to talk about "settlement" while avoiding shedding light on the truth of the Kwangju incident.

The Kwangju bloodbath was a shocking homicide against the nation committed by the Chon Tu-hwan-No Tae-u group at the instructions of their U.S. master. It is nonsensical for the murderers to "settle" the Kwangju incident.

By heatedly advertising the empty "plan" devoid of a fundamental solution to the Kwangju incident, the No Tae-u group seeks to disguise its "government" as something different from the Chon Tu-hwan military fascist "government," quell the anti-"government" sentiments of the people and create an atmosphere in favor of it with the "National Assembly elections" slated for late April.

Unless the Chon Tu-hwan-No Tae-u group, the murderers of Kwangju, are punished and the U.S. imperialist aggressors, the backstage manipulator of the massacre, are driven out of South Korea, the Kwangju incident will not be settled.

**Visit of 'Imperialist Plotter' Sigur Assailed**  
SK041054 Pyongyang KCNA in English 1042 GMT  
4 Apr 88

["U.S. Imperialist Plotter Visits Seoul"—KCNA headline]

[Text] Pyongyang April 4 (KCNA)—[Gaston] Sigur, assistant secretary for East Asian and Pacific affairs of the U.S. Department of State, flew into South Korea on April 2, according to a radio report from Seoul.

He will reportedly have a confab with the traitor No Tae-u and others about the "plan for strengthening diplomatic cooperation in security" during his 4-day stay till April 5 in South Korea.

Under the anti-war, anti-nuclear slogan, South Korean students are struggling against the military drill at the frontline units of the puppet army, mercenary education of the U.S. imperialists, and the "Team Spirit 88" joint manoeuvres, nuclear war exercises.

Branding the singlehanded sponsorship of the Olympics as a plot for a permanent division, they are demanding the co-sponsorship of the Olympic games in the North

and the South, an end to the anti-communist smear campaign deepening confrontation and mistrust and the holding of North-South talks of students.

It goes without saying that bosses of the White House sent Sigur to Seoul to examine on the spot the frantic "Team Spirit 88" military manoeuvres and the "ill-boding situation" obtaining in South Korea with the approach of Olympics and give a new task to the traitor No Tae-u driven into dilemma.

Another aim of his coming to Seoul, timed to coincide with the nuclear war rehearsal now going in full swing in South Korea is to lead the "Team Spirit 88" military games to an actual war according to developments in South Korea or incite puppets to northward invasion.

The Korean people are watching with vigilance the criminal war exercises of the U.S. imperialists and their stooges and the South Korean trip of the U.S. imperialist servant and will deal a thousand-fold retaliatory blows at them if they dare to invade the North.

**UK Defense Secretary's Seoul Visit Criticized**  
*SK040534 Pyongyang KCNA in English 0523 GMT*  
4 Apr 88

["Heinous Accomplice in Aggression"—KCNA headline]

[Text] Pyongyang April 4 (KCNA)—NODONG SINMUN Monday brands the visit of British Defence Secretary George Younger to South Korea as a powder-reeking trip of an accomplice in aggression.

The paper says in a signed commentary:

During his visit, Younger talked with the South Korean puppets over intensification of military cooperation between Britain and South Korea and transfer of new destruction weapons to South Korea. By stretching their tentacles to South Korea and strengthening alliance with the puppets, the British reactionaries seek to find favor with the U.S. imperialists, secure a new arms market and extend their influence in the long run.

This time Younger went up to the forefront on the Military Demarcation Line to encourage the South Korean puppets in a war fever against the North. The British reactionary government has frequently dispatched in recent years pirate ships to South Korea, including the nuclear carrier "Invincible" at the time of the "Team Spirit 84" maneuvers.

This suggests that the British reactionaries intend to hurl their aggression forces into Korea in compliance with the demand of U.S. imperialism in case a war breaks out in Korea, as they dispatched mercenaries during the last Korean war.

Not content with calling in the U.S. master, the South Korean puppets are inviting the aggression forces of Britain. This reveals once again their true color as traitors and warmongers hell bent on plunging the fellow countrymen into the scourge of war.

Although Younger could return home from the past Korean war, he will not be able to return alive if he involves himself in another war of aggression in Korea.

**Japan's Plans for Olympic 'Naval Watch' Scored**  
*SK040456 Pyongyang KCNA in English 0445 GMT*  
4 Apr 88

[Text] Pyongyang April 4 (KCNA)—The Japanese reactionaries recently announced that they would intensify "naval watch" for a long period in the East Sea of Korea and in other sea around it allegedly to "ensure the Olympic games," according to a report.

The Japanese Marine Security Agency on April 1 announced that it would set up a so-called "security measures room for the Seoul Olympic games" and establish a "special strict alert system" of patrol boats or aircraft in the sea around the Japanese islands to "prevent terrorist and subversive activities".

The Japanese reactionaries prattled that they would "control" somebody in the neighbouring high seas till the end of the Olympic games in October by mobilizing equipment and personnel "largest ever in history".

This shows that the Japanese reactionaries are bent on the provocation moves against our Republic under the pretext of the Olympic games, in league with the U.S. imperialists and the South Korean puppets.

These days, the U.S. imperialists and the South Korean puppets are taking every opportunity to make much ado about "threat from the North" and "disturbance to Olympiad" like a thief crying "stop thief" while doggedly staging large scale military exercises on and around the Korean peninsula.

Conspiring with them by a triangular alliance, the Japanese reactionaries are joining their master and the puppets in the anti-DPRK smear campaign.

Some time ago, the U.S. imperialists announced that the group of the aircraft carrier "Midway" under the U.S. Seventh Fleet and others participating in the "Team Spirit 88" manoeuvres would continue military exercises in the coastal waters of the Korean peninsula during the whole period of the Olympic games.

A few days later, the Japanese authorities, too, declared that they would keep a so-called "watch" in the sea around the Korean peninsula till the end of the Olympic games.



Tripartite operations against the DPRK are being actively practised, while Japan took "sanctions" when the U.S. imperialists took "sanctions" against the North in connection with the smear campaign of the South Korean puppets, and the Japanese police entered a prolonged alert posture when the U.S. Navy prolonged military exercises around Korea. [sentence as received]

All these facts clearly prove that the Japanese reactionaries are, indeed, a marionette dancing to the tune of others and a crafty aggression force that does not scruple to do anything for the sake of their own interests.

The Japanese reactionaries must refrain from their impudent interventionist and aggressive action and give up their hostile policy against the DPRK.

**Chongnyon Denounces Japan for KAL 'Sanctions'**  
*SK041100 Pyongyang KCNA in English 1047 GMT  
4 Apr 88*

[Text] Pyongyang April 4 (KCNA)—A spokesman of the Central Committee of the Democratic Front for the Reunification of the Fatherland in his press statement April 3 denounced the Japanese reactionaries who recently rejected applications of representatives of the Korean citizens in Japan for a permit to return to Japan after visiting the homeland in the wake of what they call "sanctions" against us over the KAL incident which has nothing to do with us.

He notes that five deputies of Japan-resident Korean origin to the Supreme People's Assembly of the Democratic People's Republic of Korea including Han Tok-su, chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon) are unable to attend the Third Session of the Eighth Supreme People's Assembly opening in Pyongyang, as the Japanese authorities on April 1 unwarrantably refused to grant them reentry permit.

The Central Committee of the Democratic Front for the Reunification of the Fatherland, he says, sharply denounces the step of the Japanese reactionary authorities, regarding it as a vicious act of international reaction grossly ignoring and violating international law and usage and an unpardonable criminal act to insult the inviolable power of our Republic and stifle the human rights of the Korean citizens in Japan.

Pointing out that the Japanese reactionaries raid and destroy Chongnyon organisation and its bodies, insult and assault Koreans in Japan and such acts numbered more than 100 cases in one month or more following the airliner incident, the spokesman says:

The Japanese authorities should immediately withdraw the unjustifiable "sanctions" against our Republic and unconditionally discontinue the persecution and all intrigues against Chongnyon and Korean nationals in Japan. They, even now, should grant reentry permit to

the deputies of Japan-resident Korean origin so they can attend the DPRK Supreme People's Assembly session and fully guarantee the inviolable human rights and democratic national rights to the Koreans in Japan.

To provoke Chongnyon is to provoke our Republic and to persecute the Koreans in Japan is to insult citizens of our Republic, a sovereign and independent state.

We will in the future, either, never overlook the Japanese reactionaries provoking Chongnyon and Koreans in Japan.

Meanwhile, NODONG SINMUN carries a commentary denouncing the unjustifiable step of the Japanese reactionaries.

**Prince Sihanouk Arrives in Pyongyang 5 April**  
*SK051111 Pyongyang KCNA in English 1055 GMT  
5 Apr 88*

[Text] Pyongyang April 5 (KCNA)—His Royal Highness Samdech Norodom Sihanouk, president of Democratic Kampuchea, arrived here today by train for a visit to our country.

Arriving together with His Royal Highness Samdech Norodom Sihanouk and madame were Princess Norodom Keth Kanya, aunt of the samdech, Madame Pomme Peang, mother of Madame Princess Monique Sihanouk, Prince Norodom Narindrapong, son of the samdech, His Excellency Chhon Hai, ad interim general secretary of the presidential office, and others.

The guests were met at Pyongyang railway station by Vice-President Pak Song-chol, Vice-Premier Chong Chun-ki, Vice-Minister of Foreign Affairs Kim Hyong-yul, Vice-Chairman of the Pyongyang Municipal Administration and Economic Guidance Committee Yi Tuk-yop, Ambassador Extraordinary and Plenipotentiary of Democratic Kampuchea to Korea Son Chhum and foreign diplomatic envoys here.

Children and Democratic Kampuchean students studying in our country presented bouquets of flowers to His Royal Highness Samdech Norodom Sihanouk and madame.

His Royal Highness Samdech Norodom Sihanouk acknowledged the enthusiastic cheers of the crowds.

**Welcomed by Kim Il-song**

*SK051117 Pyongyang KCNA in English 1059 GMT  
5 Apr 88*

[Text] Pyongyang April 5 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea today received His Royal Highness Samdech Norodom Sihanouk, president of Democratic Kampuchea, on a visit to the DPRK.

The flags of the DPRK and Democratic Kampuchea were seen on the flagpoles.

President Kim Il-song exchanged warm greetings with His Royal Highness Samdech Norodom Sihanouk and hugged him.

A welcome function took place in honour of His Royal Highness Samdech Norodom Sihanouk.

The national anthems of Democratic Kampuchea and the DPRK were played.

His Royal Highness Samdech Norodom Sihanouk, in company with President Kim Il-song, reviewed a guard of honour of the three services of the Korean People's Army.

Present at the welcome function were the entourage of the samdech and Son Chhum, ambassador extraordinary and plenipotentiary of Democratic Kampuchea to Korea.

Vice-President Pak Song-chol, Vice-Premier and Foreign Minister Kim Yong-nam and Vice-Minister of Foreign Affairs Kim Hyong-yul were present on the occasion.

#### **Reportage on Visit of PRC Delegation**

##### **Meets With Kim Il-song**

*SK041022 Pyongyang KCNA in English 1009 GMT  
4 Apr 88*

[Text] Pyongyang April 4 (KCNA)—The great leader President Kim Il-song on April 4 received the delegation of the Jiangsu Provincial Committee of the Communist Party of China headed by its Secretary Han Peixin on a visit to Korea.

Present were Yim Hyong-ku, chief secretary of the Kangwon Provincial Committee of the Workers Party of Korea, and Kwon Min-chun, deputy director of a department of the WPK Central Committee. Chinese Ambassador to Korea Wen Yezhan was also present.

President Kim Il-song had a conversation with the guests in a cordial and friendly atmosphere.

The head of delegation presented a gift to him.

##### **Attends Wonsan Mass Rally**

*SK041048 Pyongyang KCNA in English 1037 GMT  
4 Apr 88*

[Text] Pyongyang April 4 (KCNA)—A Wonsan mass rally was held on April 3 in welcome of the delegation of the Jiangsu Provincial Committee of the Communist Party of China headed by its Secretary Han Peixin.

Addressing the rally, Yim Hyong-ku, chief secretary of the Kangwon Provincial Committee of the Workers' Party of Korea, welcomed the delegation's visit to Kangwon Province.

Recalling that in the past period the people of Jiangsu Province achieved great successes in all fields including industry and agriculture through their devoted struggle upholding the line and policy of the Communist Party of China to build a modernized powerful socialist state with Chinese characteristics, he said that the Korean people warmly hail them.

The Korea-China friendship is a precious one which was formed and flowered at the cost of blood and has been strengthened and developed in the course of hewing and carrying out the common cause, he said.

He expressed firm belief that the traditional friendship will be constantly consolidated and developed down through generations.

In his speech, Han Peixin said he witnessed the heroic struggle of the Korean people and grand and wonderful cities under construction in various places of Korea. He expressed noble respect for the brilliant successes registered by the Korean people under the correct leadership of their great leader President Kim Il-song and the Workers' Party of Korea.

The people of Jiangsu Province, together with the entire Chinese people, fully support a series of just demands put forward by President Kim Il-song and the WPK for the independent and peaceful reunification of the country and the stand toward the reunification of the North and the South free from foreign interference and resolutely oppose any military action which may create tensions on the Korean peninsula.

##### **Provincial Delegation Returns From PRC**

*SK041039 Pyongyang KCNA in English 1026 GMT  
4 Apr 88*

[Text] Pyongyang April 4 (KCNA)—The delegation of the South Pyongan Provincial Committee of the Workers' Party of Korea headed by Comrade So Yun-sok, member of the Political Bureau of the WPK Central Committee and chief secretary of the South Pyongan Provincial Party Committee, returned home from China on April 3 by train.

It was met at Pyongyang railway station by First Deputy Director of a department of the WPK Central Committee Kim Yong-sun, chairman of the South Pyongan Provincial Administration and Economic Guidance Committee Kim Ui-sun and Chinese Ambassador to Korea Wen Yezhan.



**Joint Soviet Trade Protocol Signed in Moscow**  
*SK041037 Pyongyang KCNA in English 1028 GMT*  
4 Apr 88

[Text] Moscow April 2 (KCNA)—A protocol on the mutual delivery of commodities and payments for 1988 was signed in Moscow between the governments of the DPRK and the USSR.

It was signed by Song Hui-chol, vice-minister of foreign trade of our country, and Evgeniy Bavrin, vice-minister of external economic relations of the Soviet Union.

**'Big Successes' Noted in 200-Day Campaign**  
*SK041042 Pyongyang KCNA in English 1003 GMT*  
4 Apr 88

[Text] Pyongyang April 4 (KCNA)—Working people across the country are achieving big successes in production through the vigorous 200-day campaign.

Burning with a whole hearted desire to add lustre to the great September festival with success in iron and steel production, the workers of the Hwanghae iron and steel complex are overfulfilling their daily pig iron production by 11.4 percent, steel production by 34.2 percent and rolled steel production by 11.1 percent.

Salt works across the country under the general bureau of salt industry carried out their monthly assignments at 104.1 percent and their first quarterly plans ahead of schedule as of March 25.

In particular, the Yonbaek salt work fulfilled its quarterly plan 20 odd days ahead of the set time.

Forestry stations and mine prop production stations throughout the country under the Ministry of Forest overfulfilled their plans for the production of logs and wooden props by 20 percent as against the period before the campaign.

**Industrial Production Boosted**

*SK041600 Pyongyang KCNA in English 1549 GMT*  
4 Apr 88

[Text] Pyongyang April 4 (KCNA)—Industrial establishments across the country produced in the latest month 2.3 times as much ordered equipment as that of the previous month through a dynamic 200-day campaign to supply the equipment and other materials in time to major construction sites including the large-scale chemical industrial centers, metal industrial centers and power stations.

More than 11,000 pieces of ordered equipment were sent to the construction site of the Sunchon vinalon complex. South Hamgyong Province which takes an important share in the constructions carried out the ordered equipment production quotas at more than 85 percent.

Entering the 200-day campaign, it provided the construction site of the Sunchon vinalon complex with hundreds of pieces of ordered equipment and materials amounting to more than 80 wagon load in three instalments.

A few days ago, the Yongsong machine complex sent a methanol compounding tower, saponifier, mixer, compressor, crusher and several dozen pieces of saponifying equipment to the construction site of the Sunchon vinalon complex.

The workers of the Taean heavy machine complex manufactured ahead of schedule four pylons to be set up in vinalon and carbide districts of the Sunchon vinalon complex although they had begun producing them not long before.

They successfully laid iron core of stators and rotators of the 125,000 kva generator for the Taechon power station in a short period, and are effecting unprecedented innovations in the work of compression.

The August 8 factory and the December 5 factory remarkably increased the production of different kinds of towers, heat exchangers, preheaters, coolers, compressors and ejectors by actively introducing new technical innovation proposals.

Big successes were registered by other industrial establishments in manufacturing cooperative products.

**Kim Il-song Sends Thanks to Steel Workers**  
*SK041545 Pyongyang KCNA in English 1531 GMT*  
4 Apr 88

[Text] Pyongyang April 4 (KCNA)—The great leader President Kim Il-song sent thanks to builders of the No. 2 metal factory construction complex who have registered great successes in the second-stage expansion project of the Kim chaek iron and steel complex.

They finished the construction of the 34 objects of the second-stage expansion project of the Kim Chaek iron and steel complex in the first quarter of the year. During the project, the builders and helpers assembled over 16,000-ton equipment and laid 180,000 metres of different pipes and built up converters and continuous roughing machines, heating furnace system, limestone kiln system and oxygen separator system and others.

The newly-built objects provided a sure guarantee for increased production of iron and steel of the complex.

A meeting was held on the spot on April 2 to renew their resolution to repay the thanks of President Kim Il-song.

Thanks were conveyed by Kang Song-san, member of the Political Bureau of the Central Committee of the Workers' Party of Korea, chief secretary of the North Hamgyong Provincial Party Committee and chairman of the North Hamgyong Provincial People's Committee.

His report was followed by speeches.

The reporter and speakers said that President Kim Il-song acquainted himself with the completion of the 34 objects of the second-stage expansion project of the Kim Chaek iron and steel complex, highly praised them and bestowed great loving care and trust upon builders.

Noting that achievements made in the project are wholly the fruition of the sagacious leadership of the respected leader President Kim Il-song and the party, they stressed that they would justify the deep trust and great care of the great leader and our party with loyalty.

**Hwanghae Steel Workers Adopt Campaign Appeal**  
*SK041522 Pyongyang KCNA in English 1508 GMT*  
4 Apr 88

[Text] Pyongyang April 4 (KCNA)—The workers of the Hwanghae iron and steel complex on April 3 met and called upon the workers, technicians and office workers of the industrial establishments throughout the country to attain the goals of the 200-day campaign before the set time.

Declaring that the workers of the Hwanghae iron and steel complex these days have lifted the daily output of pig iron 14.4 percent and rolled steel 9.6 percent as against those before the campaign, the reporter and speakers expressed their determination to stand at the head of the whole country in the general onward movement of the 80s.

An appeal to the workers, technicians and office employees all over the country was adopted at the meeting. It calls for attaining the goals of the 200-day campaign ahead of schedule by making a new leap and miracles in all sectors and units.

It calls for creating a generating capacity of more than 1.2 million kva in the first half of this year, finishing the construction of the vinalon factory with a 100,000-ton capacity of the Sunchon vinalon complex by September 9, the national day, and effecting continuous innovations in the construction of the Sariwon potassic fertilizer complex, the Kwangbok Street and other capital construction.

The appeal stresses that the 200-day campaign must be victoriously concluded in all sectors and units so as to demonstrate once again the invincible great unity and cohesion of our people around the party and the leader.

Attending the meeting were Kim Pong-chu, chairman of the Central Committee of the General Federation of Trade Unions of Korea, and other cadres.

**South Korea**

**U.S. Assistant Secretary of State Arrives**  
*SK021305 Seoul YONHAP in English 1300 GMT*  
2 Apr 88

[Text] Seoul, April 2 (YONHAP)—Gaston Sigur, U.S. assistant secretary of state for East Asian and Pacific affairs, arrived in Seoul Saturday night for a four-day visit to South Korea.

While here, Sigur is scheduled to meet with President No Tae-u and Prime Minister Yi Hyon-chae. The U.S. official will also have talks with Stephen Cardinal Kim Su-hwan, Foreign Minister Choe Kwang-su and Defense Minister O Cha-pok.

Following his visit to Seoul, Sigur will go to Hong Kong to attend a meeting of U.S. overseas mission chiefs stationing in Asian countries. The meeting is to open on April 8.

**Meets With No Tae-u, Officials**  
*SK041220 Seoul YONHAP in English 1202 GMT*  
4 Apr 88

[Text] Seoul, April 4 (YONHAP)—Gaston Sigur, U.S. assistant secretary of state for East Asian and Pacific affairs, paid courtesy calls on South Korean President No Tae-u and prime minister Yi Hyon-chae on Monday.

Sigur also held a luncheon meeting with Foreign Minister Choe Kwang-su and exchanged views on matters of mutual concern, including the situation on the Korean peninsula and ways to strengthen friendly relations between Seoul and Washington.

The U.S. assistant secretary also had talks with National Defense Minister O Cha-pok.

In the meeting, O expressed the hope that the United States would help Korea successfully hold the Seoul Olympic games, free of terrorist attacks from outside. The games are scheduled for Sept. 17-Oct. 2.

The U.S. official arrived here Saturday night for a four-day visit to South Korea.

Following his visit to Seoul, Sigur will go to Hong Kong to attend a meeting of U.S. overseas mission chiefs stationed in Asian countries. The meeting is to open on April 8.

### **Concludes Visit, Departs**

SK050505 Seoul YONHAP in English 0455 GMT  
5 Apr 88

[Text] Seoul, April 5 (YONHAP)—Gaston Sigur, U.S. assistant secretary of state for East Asian and Pacific affairs, said Tuesday that he had delivered a letter from U.S. President Ronald Reagan to South Korean President No Tae-u.

He refused, however, to comment further about the U.S. President's letter during an airport news conference held shortly before his departure for Tokyo at the end of his four-day visit to Seoul.

Sigur also said that the South Korea-U.S. joint exercise Team Spirit is a valuable demonstration of the two nations' commitment to preserving peace and that this commitment is especially timely in 1988—the year of the Seoul summer Olympics.

He added, we agreed to cooperate to ensure that the Olympics take place in a safe environment.

While in Seoul, Sigur met with No, Prime Minister Yi Hyon-chae and other senior Korean officials.

Sigur arrived here on April 2 on his way to Hong Kong where he will attend the annual chiefs of mission meeting for U.S. ambassadors to East Asian and Pacific countries slated for April 5-8.

### **Further on Upcoming Assembly Elections**

#### **RDP Completes Nomination List**

SK030010 Seoul THE KOREA TIMES in English  
3 Apr 88 p 2

[Text] The opposition Reunification Democratic Party yesterday completed nominating its parliamentary candidates numbering 205.

The RDP will not field parliamentary candidates in the remaining 19 districts, most of them in the Kwangju and Cholla province, stronghold of its rival the Party for Peace and Democracy [PPD].

The RDP has had much trouble in inviting promising candidates due to the failure of the efforts for a merger with the PPD.

A candidate, who won the last nomination on an RDP ticket, is Ho Chae-hong, to run in the Nam (south) district of Pusan.

Ho, 51, a businessman, will compete with Yu Hung-su, deputy secretary general of the ruling Democratic Justice Party, in the district where some senior RDP members evaded running.

Meanwhile, Kim Yong-paek, a follower of Kim Yong-sam, de facto leader of the RDP, announced yesterday that he was breaking away from the RDP to run in the Chung (central) district of Pusan as an independent.

Kim who served as the head of the Chung district chapter during the December presidential election, was excluded from the party nomination for parliamentary candidacy.

The RDP will set up its election center today at the party headquarters.

Acting party president Kim Myong-yun is expected to head the election center and secretary general Pak Chong-yol will serve as his deputy.

The RDP secretary general withdrew his application for parliamentary nomination in the Tsocho-B district of Seoul so that he can devote himself fully to leading the election campaigns.

He is reportedly said to be nominated as a candidate for the national constituency.

### **Kim Yong-sam Urges RDP Support**

SK020126 Seoul THE KOREA HERALD in English  
2 Apr 88 p 2

[Text] Kim Yong-sam yesterday warned the public of a possible attempt by the ruling Democratic Justice Party to secure a majority of seats in the coming general elections and introduce a cabinet system of government.

"The DJP is intent on winning two-thirds of the total parliamentary seats to push for a constitutional revision adopting a cabinet system which will pave the way for it to maintain power forever," Kim claimed.

Kim, former president of the Reunification Democratic Party, said the main motive behind such a DJP scheme is its fear of a direct presidential election format.

"Although the DJP won the December presidential election, it is clearly aware of the meaning of the 36 percent support it obtained. It probably is not inclined to run the same risk again," Kim argued.

To frustrate the DJP plot, Kim said, the public should be wise enough to concentrate their votes on a single opposition party. He added that this is also the way the voters can protect their rights to select the president.

"In this context, the main campaign slogan of the RDP is 'Support the RDP that can check the ruling DJP.' The RDP will also remind voters of the Saemaul scandal which was caused largely by the absence of a strong opposition," Kim said.



"At least to prevent a repetition of such inconceivable corruption, many opposition candidates should be elected. Without a strong opposition, political power is prone to decay. I believe this is the truth," Kim said.

Concerning the Saemaul case, Kim demanded that former President Chon Tu-hwan immediately return home from his trip to the United States and volunteer to clarify his younger brother's corruption.

"He (former President Chon) is not in a situation to enjoy an overseas trip. He is the very person responsible for the case," Kim said.

He also criticized the government and its party for attempting to scale down or fabricate the Saemaul case just in the way it did for the so-called torture-death of Pak Chong-chol last year.

#### **RDP Attacks DJP for Saemaul Affair**

SK020020 Seoul THE KOREA TIMES in English  
2 Apr 88 p 2

[Text] Acting Reunification Democratic Party president Kim Myong-yun yesterday opened fire against the ruling camp, claiming that it was attempting to cover-up the real picture of the Saemaul scandal involving its former head Chon Kyong-hwan.

The acting RDP president described the Saemaul scandal as the "tip of an iceberg" irregularities perpetrated by the younger brother of former president Chon Tu-hwan during the Fifth Republic government, in his press conference.

Kim held the press meet prior to starting full-fledged campaigns for the April 26 general elections.

The acting RDP president made it clear that the RDP and its parliamentary candidates will make the most of the massive corruption case involving the relatives of former president Chon in their election campaign.

Kim will run in the Chongno district of Seoul which is regarded as a "showcase district" to help create an opposition boom in the metropolitan city and other urban areas.

"The incumbent regime is nothing but the extension of the Fifth Republic government," Kim said.

Kim pointed out that key figures in the Fifth Republic government still hold the key posts of the Sixth Republic government such as the home and justice ministries and the director of the Agency for national Security Planning.

He added that some of them have been nominated as parliamentary candidates of the ruling Democratic Justice Party.

"It is just staging a deceptive drama for them to investigate the irregularities and crimes perpetrated during the Fifth Republic government," said Kim.

#### **NDRP Head Scores Rivals, Not DJP**

SK022351 Seoul THE KOREA HERALD in English  
3 Apr 88 p 2

[From the "Out and About" column: "Kim Chong-il Criticisms"]

[Text] Kim Chong-pil appeared to meticulously refrain from castigating the DJP Friday while going all-out assailing two rival opposition parties, the RDP and PPD, and former President Chon Tu-hwan's government.

In a remark targetted at Kim Yong-sam, the NDRP [New Democratic Republic Party] head said, "Someone in the RDP enjoyed hiking to mountains without knowing what was going on around him at all. Eventually, he let his party become the bestman of the DJP in the latter's unilateral passage of an amendment bill to the parliamentary election law."

As for Kim Tae-chung's PPD, Kim said, "I don't feel like talking about the party at all," a frown on his face.

Turning to the Chon government, the NDRP president said, "Late President Pak Chong-hui freed the people from hunger during his terms. But the Chon government added to the debt of the people."

Kim made these and other points while meeting the press on his way back to Seoul from Kapyong and Yangpyong, in Seoul's eastern suburb, where he inaugurated the party's local chapters for the April 26 general elections.

#### **PPD To Include Dropped Nominees**

SK020118 Seoul THE KOREA TIMES in English  
2 Apr 88 p 2

[Text] The PPD set in motion an election campaign headquarters yesterday to assist its parliamentary candidates for the forthcoming legislative contest.

Acting PPD president Pak Yong-suk became head of the campaign assistance center. Kim Kyong-chae, special advisor and speech writer for Kim Tae-chung became spokesman for the headquarters.

Kim Tae-chung, without assuming any post, will criss-cross the constituencies to make supporting campaign speeches for PPD candidates.

The PPD will inaugurate or reorganize local district chapters across the country next week and hold a joint rally of its parliamentary candidates at the headquarters next Thursday, one day before the official start of parliamentary campaigns.

It will announce the second batch of nominees for the parliamentary candidates early next week. To soothe the long-time cadre members, the PPD will include many of them in its second nominations.

Acting PPD president Pak Yong-suk met with Kim Tae-chung at his home Thursday night to calm down the protest action from the cadre members.

#### **False Registrations Increase**

SK020056 Seoul THE KOREA TIMES in English  
2 Apr 88 p 3

[Text] An increasing number of people are transferring their resident registration cards from where they live to other places to vote for certain National Assembly candidates with whom they are acquainted, it was reported yesterday.

According to vernacular newspaper reports, the incidence of the transfer of resident registration cards is unusually high these days with the imminent official announcement of the date of the parliamentary election.

Under the current Parliamentary Election Law, only those who have their resident registration cards registered at dong [administrative area] office are entitled to vote in presidential and parliamentary elections at the dong balloting sites.

The sharp increase in the number of those who move their places of resident registration can be apparently attributable to the present parliamentary election system, according to the reports.

According to officials of Kahoe-dong, Chongno-gu, downtown Seoul, the number of those who have moved into their jurisdiction reached 20 every day since last week, almost twice as many that in the past.

The situation is the same in other dong offices in Seoul, other major cities and provinces.

For instance, in case of Cheju City, a total of 507 people changed their resident registrations in one day—279 moved in and 228 moved out. The number is almost twice that in the past.

In such major cities as Pusan, Taegu, Incheon and Taejeon, unusually large numbers of people have crowded dong offices since last weekend to change their resident registrations.

In Suwon, Chunchon, Kangnung and Wonju whose electoral districts underwent massive change under the new Parliamentary Election Law revision early last month, the exodus is under way on an extraordinarily large scale.

In case of Seoul, a large portion of those who move resident registrations are factory workers and poor people living in slums or shanty towns.

It was also reported that an increasing number of those from a low-income bracket in large cities make inroads into smaller cities or other districts of the same city.

Affinity plays the most important role in the come-and-go of the residents. For instance, a certain Kim with four family members with suffrage moved his resident registration from Songbuk-dong, northern Seoul, to Socho-dong, southern Seoul, to vote for one of his close kin recently nominated as a National Assemblyman candidate by a political party.

An old couple, only identified as An, living in Tobong-dong, northern Seoul, recently transferred their address to Tongdaemun-gu to cast vote for a certain candidate at the strong request of their relative who is high-ranking election strategist of the parliamentarian hopeful.

Some people even opened errand centers specializing in transferring resident registrations, taking advantage of the sharp increase of the practices.

The address moves will record their peak just before April 8, when the date of the parliamentary elections will be officially announced.

It is because the electorate lists will be made on that day based on the resident registrations, the reports said.

#### **YONHAP Previews Campaign**

SK040655 Seoul YONHAP in English 0636 GMT  
4 Apr 88

[Text] Seoul, April 4 (YONHAP)—South Korea is poised for heated political fervor this week as the date for the National Assembly elections will be officially announced Friday.

The elections, the 13th in the nation's history, will be held on April 26 and the official announcement will signal the start of the official campaign period with candidates running in the nation's 224 electoral districts.

So far, nearly 1,000 candidates from 12 large or small political parties have expressed an intention of running in the elections under a system in which one person will be elected from each district. The average competition ratio by district is reaching 4.4-to-1 as of Monday. The ratio is expected to soar much higher as a sizable number of independents are said to be preparing to run in many districts.

Political observers are predicting that as many as eight candidates will vie for some seats in the capital city area.



The four major political parties — the ruling Democratic Justice Party (DJP), and the opposition Reunification Democratic Party (RDP), Party for Peace and Democracy (PPD) and New Democratic Republican Party (NDRP)—will activate their electioneering machines this week with a goal of starting full-scale campaigns across the country.

The ruling camp is expected to focus on political stability as its major campaign issue while the opposition parties will call for voters to support their effort to check the monopolistic power wielded by the DJP.

Top leaders of the four parties are planning to start campaign tours in strategically important regions this week in support of their respective candidates.

The DJP will form a high-powered task force immediately after the date of the legislative elections is officially promulgated in an effort to back its candidates across the country. The task force, which will consist of party chairman Chae Mun-sik, National Assembly speaker Yi Chae-hyong and other key leaders of the party, will place the major emphasis of its activities on supporting the party's candidates in urban areas including Seoul, Pusan and Kwangju and such rural areas as the Chungchong and Cholla provinces, where the DJP's popularity proved to be less than satisfactory in the Dec. 16 presidential election last year.

DJP election strategists seek to win seats in at least 125 districts in the coming election.

As for the leading opposition RDP, de facto leader Kim Yong-sam is to travel to Pusan and attend the combined warm-up rally of the RDP candidates in the Pusan region slated for Thursday.

RDP campaigners say the combined rally in Pusan will be significant enough to lead to an RDP boom. Pusan and South Kyongsang province have long been regarded as the stronghold of Kim Yong-sam, former RDP president who finished second in the presidential election on December 16 last year.

Acting RDP president Kim Myong-yun said Monday that his party will win seats in at least 80 districts enabling the party to pick up 25 to 27 proportional representation seats. While meeting the press after the inauguration of his party's campaign headquarters, the acting RDP president also said his party will take up the irregularities allegedly committed by close relatives of former president Chon Tu-hwan as a major political issue during the election campaigning.

The PPD also seeks to emphasize disclosure of the irregularities allegedly committed by the Chon regime as it hopes to show that the incumbent government of President No Tae-u cannot be separated from the previous government.

Kim Tae-chung, the PPD's de facto leader, will go to Kwangju Tuesday to attend a massive citizens' rally focusing on victory in the upcoming National Assembly elections. PPD strategists say the rally is intended to revive the Kim Tae-chung boom which led to Kim's landslide support in the southwestern part of the nation in the December presidential election. Kim finished third in the election.

The PPD will hold a series of campaign rallies across the Seoul metropolitan area beginning Saturday. Party sources said that major events include launching the party's district chapters in 44 constituencies. Kim Tae-chung carried the Seoul area in the presidential election last year.

Meanwhile, the NDRP places high priority on strengthening its power base in the Chungchong provinces, where its leader, Kim Chong-pil, did relatively well in the presidential election. The party is also fielding well-known former government officials in Kwangwon province.

#### **Punishment Sought for Saemaul Officials**

SK020050 Seoul THE KOREA TIMES in English  
2 Apr 88 p 3

[Text] The prosecution authorities will send a list of government officials to their respective offices for punitive action for involvement in the irregularities of the Saemaul headquarters, it was learned yesterday.

Prosecution sources said he officials who had smeared their hands in the scandalous case will not be brought to legal justice by the Criminal Code.

However, they are most likely to face administrative punishment by their respective offices.

Prosecutor Kang Won-il at the Prosecutor-General's Office earlier said there are no criminal aspects sufficiently serious to incriminate the government officials.

A total of 218 people were interviewed as witnesses by the prosecution.

The figure includes 58 government officials and 97 banking and company officials.

Already 29 government officials have been reprimanded. However, they can also be in for punitive action additionally, pending the investigation results, according to the Home Ministry.

#### **Inquiry Into Younger Chon's Overseas Purchases**

SK020112 Seoul THE KOREA HERALD in English  
2 Apr 88 p 3

[Text] The prosecution will contact Korean Embassy officials in the United States and Australia to investigate allegations that Chon Kyong-hwan bought real estate in those countries with money he took out of Korea.

Prosecutors said there have been tipoffs from certain persons that Chon, younger brother of former President Chon Tu-hwan, illegally took capital out of the country.

The CHOSON ILBO, an influential national daily, reported yesterday there are allegations that the younger Chon bought 500 acres of land in northern New Jersey and a big farm near Atlantic City, New Jersey.

A senior member of the prosecutors' team investigating the Saemaul scandal said the prosecution will seek cooperation from the Foreign Ministry to check whether the allegations against the ex-Saemaul leader are true or not.

He said investigators could search the home of Chon Kyong-hwan to probe for any evidence of wrongdoing.

Announcing the result of a 10-day investigation into Chon and his key aides Wednesday, the prosecution said no evidence has so far surfaced to support the allegations that Chon carried out capital.

One investigator said there are "a lot of technical difficulties" in investigating the rumors.

Chon has repeatedly denied such rumors, according to the investigator.

In a related development, the prosecution will continue its investigation, the prosecution will continue its investigation into the unidentified sources of 2.7 billion won (about \$3.6 million) in secret funds allegedly raised by Chon.

The prosecution earlier said the probe will keep searching for evidence until the formal indictment is issued against Chon Kyong-hwan, ex-head of the scandal-ridden Saemaul (New Community) Movement Headquarters, expectedly in mid-April.

The arrest warrant issued for Chon insists Chon Kyong-hwan skimmed off nearly 6.54 billion won (about \$8.8 million) in public funds and evaded 1.1 billion won in taxes.

**Kim Yong-sam Demands Chon's Return From U.S.**  
SK020130 Seoul YONHAP in English 0111 GMT  
2 Apr 88

[Text] Seoul, April 2 (YONHAP)—Opposition leader Kim Yong-Sam has called for former President Chon Tu-hwan to return home immediately from his tour of the United States and reveal the truths surrounding the scandal involving the Saemaul (New Community) Movement headquarters which his younger brother Kyong-hwan headed during Chon's tenure of office.

Kim, the former president of the leading opposition Reunification Democratic Party (RDP), also asked Friday for the abolishment of the advisory council of elder statesmen which is currently chaired by Chon Tu-hwan.

The de facto leader of the RDP said, it is nothing other than an act of cheating the people to let an immoral person be the chairman (of the advisory council).

Former President Chon, meanwhile, was said to be planning to return to Seoul on April 10. He left Korea on March 22 for the United States after accepting an invitation from U.S. President Ronald Reagan to visit Washington. The scandal involving Chon's younger brother came to light even before his departure as local newspapers gave extensive coverage to irregularities allegedly perpetrated by the younger Chon over the past several years when he led the semi-official Rural Development Movement.

Kim further demanded that a thorough investigation also be conducted into the irregularities reportedly committed by the Ilhae Institute and Saesadae Heart Foundation which were headed by former President Chon and his wife, Yi Sun-cha, respectively.

Chon relinquished power to his successor No Tae-u on Feb. 25 after completing a single seven-year term as president.

**Stock Market Rebounds After Saemaul Arrests**  
SK030028 Seoul THE KOREA HERALD in English  
3 Apr 88 p 6

[Article by Kwon Yong-kun, economist at the Economic Research Institute affiliated with Ssangyong Investment and Securities Co]

[Text] With the Saemaul scandal behind them, individual investors returned to the market last week. Analysts say the stock market has begun a powerful second upturn, ending its two-month-long correction.

Customer deposits gradually increased, with 20-30 billion won coming into the market daily. Investors' anticipation of fresh market incentives just ahead of the parliamentary elections proved another contributing factor to market buoyancy.

The composite index advanced to close the week at 655.54, up 21.34 points or 3.36 percent.

A heavy influx of cash raised the trading volume, with both institutional and individual investors very active. On a daily average basis, 7.21 million shares or 139.45 billion won changed hands.

Stocks in manufacturing assumed market leadership. Though early in the week short-term finance stocks were heavily bought, they soon lost steam. Under the widespread belief that the era of "troika" stocks is drawing to an end, investors stampeded to bid up the prices of stocks in autos, electronics and steel industries. Especially steel stocks were catalysts to the drastic change in market leadership.

Market participants are optimistic in predicting this week's market. They expect stock prices to set record highs and say a steady increase in customer deposits should stimulate the market. The markedly improved liquidity condition of institutional investors will also act favorably on the market.

Stocks in manufacturing will continue to attract investors' interest while "troica" stocks will experience a correction for some time.

**Former Saemaul Head Resumes Role as Chairman**  
*SK050137 Seoul THE KOREA TIMES in English*  
5 Apr 88 p 3

[Text] Former Saemaul leader Kim Chun, 62, assumed the office of the chairman of the Saemaul Headquarters in a ceremony yesterday.

Kim said during the inaugural ceremony that all the Saemaul people should renew determination for the resuscitation of the staggering organization, otherwise they will end up being sinners before history.

Wisely riding out the current crisis, the flame of the Saemaul movement should be kept burning continuously for the construction of a nation of democracy and welfare.

**Kim Tae-chung on 'Superficial' Kwangju Measures**  
*SK030015 Seoul THE KOREA TIMES in English*  
3 Apr 88 p 2

[Text] Kim Tae-chung yesterday criticized the government for seeking to settle the 1980 Kwangju uprising in a superficial manner.

He also expressed deep disappointment with the government's lukewarm investigation of the malpractices and misdeeds committed by Chon Kyong-hwan, brother of former President Chon Tu-hwan.

He told reporters at his home that he will disclose wrongdoings committed by former president Chon and incumbent President No Tae-u during the Fifth Republic.

The disclosures will be made when he participates in an inaugural ceremony for the Song-dong B district of Seoul tomorrow, Kim said.

The former president of the Party for Peace and Democracy said that he will put forward a package for settlement of the 1980 Kwangu incident at a rally in Kwangju on Tuesday.

**Tariff Cuts Set for 92 'Major Consumer' Items**  
*SK050212 Seoul YONHAP in English 0146 GMT*  
5 Apr 88

[Text] Seoul, April 5 (YONHAP)—South Korea will cut the tariffs on 92 major consumer goods by about half, as the difference in the goods' prices on domestic and international markets is considerable, sources at the Economic Planning Board (EPB) said Tuesday.

It also plans to scrap or ease various import regulations.

The Korean Government expects that these measures, designed to expand imports, could contribute to enhanced competitiveness of Korean-made goods as well as to price stability in the country by supplying quality goods to the Korean people.

The EPB plans to apply a quota tariff system on foreign goods whose prices are much lower than those of Korean-made goods, including cosmetics, detergents and medicines. The board is also expected to alleviate import restrictions and import recommendation systems.

The 92 items include 29 processed foods, 56 industrial goods and seven medicines and cosmetics.

The government is currently applying a tariff of 1-20 percent on 34 of the 92 items, a tariff of 21-30 percent on 50 items, a tariff of 31-40 percent on five items and a tariff of more than 41 percent on three items.

Meanwhile, according to a survey conducted by the board in mid-march, domestic prices of about 50 of the 92 items were more expensive than those in overseas markets — cosmetics including powder, medicines such as analgesics, miscellaneous items such as shampoo, belts and cameras, some textile goods including carpets, and processed foods such as sesame oil, orange juice and butter.

Domestic prices of more than 30 items were cheaper or at the same level as those in overseas markets including such processed foods as instant noodles and soy sauce, most home appliances, a number of textile goods including handkerchiefs and neckties, and miscellaneous items such as toothpaste and notebooks.

**Ministry Eases Raw Material Import Restrictions**  
*SK040224 Seoul YONHAP in English 0201 GMT*  
4 Apr 88

[Text] Seoul, April 4 (YONHAP)—The Trade and Industry Ministry has removed 47 items from the list of 92 raw materials used in goods for export which are subject to the recommendation of related authorities before they can be imported into Korea, ministry officials said Monday.



The ministry has also decided to allow the unrestricted entry into Korea of videotape recorders used by overseas residents.

The action for the free import of the 47 items, including artificial leather, was taken over the weekend in step with other government measures intended to expand import liberalization.

The government lifted import restrictions, effective April 1, on 23 items, including marble, sheet glass and tennis rackets, under a strict import monitoring system set up to block excessive imports of particular goods.

Import curbs have also been lifted on 56 of the total 147 commodities, whose import from Japan is banned under the government's policy of diversifying import sources from that neighboring country, effective April 1.

**U.S. Software Makers Probe Illegal Copying**  
*SK030023 Seoul THE KOREA HERALD in English*  
3 Apr 88 p 6

[Text] U.S. software makers, which have started a full-scale advance into Korea's market, are covertly investigating the alleged illegal reproduction of their software by Korean businesses, business sources said yesterday.

U.S. software makers, including Lotus and Ashton-Tate, recently began to gather evidence that Korean manufacturers are engaged in the illegal reproduction of U.S. software despite the nation's computer program protection law which went into effect in July last year.

The U.S. software makers are reportedly not only investigating Korean software makers but also hardware makers, including Goldstar Co., Samsung Electronics Co., and Hyundai Electronic Ind. Co., in preparation for a possible lawsuit against the Korean computer industry.

Foreign software makers have had commercial agents in Korea, but beginning last July, they stepped up efforts to make direct inroads into Korea's market.

Sources said the foreign makers recently strengthened their data base, word processor and spread sheet software businesses with the demand for such products increasing sharply in Korea.

**Livestock Group Says U.S. Feed Prices Too High**  
*SK040634 Seoul YONHAP in English 0548 GMT*  
4 Apr 88

[Text] Seoul, April 4 (YONHAP)—Higher bidding prices for U.S. fodder and beef in comparison with those of other nations make it difficult for Korea to import U.S. goods as called for by government policy, business sources said Sunday.

U.S. bidding prices for alfalfa were about 25 percent higher than those of Canada when Korea invited tenders in March for importing alfalfa.

The U.S. prices for alfalfa with natural seasoning ranged from 135 to 145 U.S. dollars per ton compared with Canada's 114 to 116 dollars, while the U.S. prices for alfalfa with artificial seasoning ranged from 128 to 130 dollars per ton compared with Canada's 105 dollars, according to the sources.

South Korea's National Livestock Cooperatives Federation and the Korea Feedgrain Association, which failed to determine an import source due to price differences between tenderers last month, plan to call for another bidding, the sources said.

An official who participated in last month's bidding said the U.S. companies seem to have proposed such high prices with the expectation that Korea would import alfalfa exclusively from the United States because of policy.

Taking into consideration possible complaints by domestic livestock raisers stemming from the lower prices and high quality of Canadian alfalfa in comparison with U.S. products, we cannot force them to import this sort of fodder from the United States, the official added.

Meanwhile, U.S. beef is expected to be more expensive than that of Australia by 20 to 60 percent in case of an open tender. And if concerned authorities press for imports of U.S. beef, the domestic livestock industry and consumers are certain to protest, the sources said.

The United States has recently demanded that Korea open its fodder and beef markets in an effort to reduce the country's trade surplus with the United States.

**'Special' Military Employment System Abolished**  
*SK020807 Seoul YONHAP in English 0759 GMT*  
2 Apr 88

[Text] Seoul, April 2 (YONHAP)—The government Saturday decided to abolish a controversial special employment system under which junior military officers have been hired as mid-level civil servants.

The outgoing system, apparently symbolic of the presence of military culture in Korean bureaucracy, has been in force since 1977 when the late Pak Chong-hui was president.

The Ministry of Government Administration said that scrapping of the system is in keeping with a campaign promise made last year by No Tae-u, then campaigning for the presidency. The ministry added that the system has caused numerous problems in the government's personnel management.

As an interim measure, the government, however, will appoint 49 officers as civil servants this year. The officers had been selected early last year and underwent training necessary for entering the public service.

**First Quarter Merchandise Exports Increase**

SK020154 Seoul YONHAP in English 0128 GMT  
2 Apr 88

[Text] Seoul, April 2 (YONHAP)—South Korea's merchandise exports in March reached 4.7 billion U.S. dollars, marking 30.7 percent growth over a year ago, the Trade and Industry Ministry said Saturday.

The ministry said the March statistics bring the nation's exports in the first quarter of 1988 to 12.87 billion dollars, an increase of 35.0 percent over a year earlier.

Meanwhile, imports amounted to 4.11 billion dollars last month, up 31.1 percent.

Imports in the first three months of the year were tallied at 11.34 billion dollars, representing an increase of 38.5 percent from the cited period in 1987.

The arrivals of export letters of credit (L/C) in March amounted to 3.87 billion dollars, up 22.6 percent over a year ago.

**Ban on Two Poets' Literary Works Lifted**

SK020103 Seoul THE KOREA TIMES in English  
2 Apr 88 p 9

[Text] The government lifted the ban yesterday on literary works of two poets Chong Chi-yong and Kim Ki-nim who, the government had hitherto claimed, defected to North Korea during the Korean War.

"All the literary works published by these two before their defection to the North will be allowed into print, effective April 1 and on," officials of the Culture-Information Ministry said yesterday.

The government will also "positively study" the partial lifting of the ban on literary works of writers including Paek Sok and Yi Tae-chun who are known to have defected or been kidnapped to the North during the Korean War, the officials said.



**Brunei, Malaysia & Singapore**

**Malaysia**

**Foreign Minister Returns From Near East**  
*BK050054 Kuala Lumpur BERNAMA in English*  
1437 GMT 4 Apr 88

[Text] Kuala Lumpur, April 4 (OANA-BERNAMA)—Organization of Islamic Conference (OIC) countries must undertake bilateral follow-up measures to enhance economic activities and trade among themselves, Malaysian Foreign Minister Abu Hassan Omar said Monday.

There were no major problems that could prevent increased economic and trade activities among member nations as a longer-term financing scheme handled by the Islamic Development Bank and an agreement on promotion, protection and guarantee of investments had been put into motion, he said.

He was speaking to reporters on his return from the OIC foreign ministers meeting in Amman, Jordan. He had also made an official visit to Saudi Arabia and Oman and attended the third meeting of the Yugoslavia-Malaysia joint commission in Belgrade.

On the OIC, Abu Hassan said Malaysia was expected to review the contributions it currently gave to various bodies under the OIC.

He said the contributions which totalled M [Malaysian] \$1.2 million (about U.S. \$0.5 million) a year must be channeled to bodies whose activities Malaysia felt would most benefit the ummah (Muslim polity).

He mentioned the Islamic Culture Institute in Turkey which is expected to do a study on Islamic culture as needing Malaysia's financial support.

Abu Hassan said considering the "sluggish" implementation of OIC resolutions, especially those pertaining to economy and trade, efforts towards this end needed to be pursued and stepped up.

The most important thing was to intensify bilateral ties among member countries.

While in Amman from March 21 to 25, Abu Hassan had talks, which he described as fruitful, with his counterparts from Pakistan, Turkey, Iran, the Palestine Liberation Organization, Mali, Senegal, Libya, Egypt, and Iraq.

**Singapore**

**Tahitian Group Denies 'Terrorist' Links**  
*BK050328 Hong Kong AFP in English*  
0302 GMT 5 Apr 88

[Text] Singapore, April 5 (AFP)—A group of 11 Tahitians who have been refused entry into Australia, Singapore and Malaysia Tuesday denied reports that they had terrorist links.

"We completely deny that we are terrorists," Joinville Pomare, the spokesman of the group said in an interview with AFP on a flight from Malaysia to Singapore. He also denied reports they were on their way to Libya.

The 11 landed in Singapore Tuesday after Malaysian immigration refused them entry Monday night. An Australian security official who accompanied the Tahitians said the 11 would be put on a plane back to Australia Tuesday before being sent back to Papeete.

They had arrived in Kuala Lumpur from Sydney, where Australian police intercepted them Sunday on arrival from Tahiti following reports they were planning to go to Libya for terrorist training.

Diplomatic sources in Singapore said the 11 had links to the pro-independence movement in French Polynesia. "Some have police records," the sources said.

The French Embassy said it had no official comment. "It is a police matter," a spokesman said.

Mr. Pomare said the members of the group were aged between 20 and 35.

He said that he and his colleagues were making the trip to visit agriculture and fishing cooperatives in Southeast Asia, especially in Malaysia. All were employed in fishing and agriculture, and he had been dealing in oyster pearls for more than 15 years, Mr. Pomare said.

He was harshly critical of his group's treatment in Australia and Malaysia, describing the Australian federal police as terrorists because "they detained us as prisoners when we had done nothing wrong."

"We had the necessary travel documents but we were unlawfully arrested by the Australians," he said.

He said they had to sleep on chairs in a transit room at Kuala Lumpur Airport Monday night.

(An Australian police spokesman said the men had been cleared of being terrorists but had disclosed under questioning that they were on their way to Libya.

(He said federal police had been advised by Singapore police that the French Embassy there suspected the men to be travelling to Libya to undertake terrorist training.)

"We completely deny that we are heading to Libya. It is all utter rubbish," Mr. Pomare said.

### **Cambodia**

#### **Prince Ranariddh Cited on New Weapons**

*BK050358 Hong Kong AFP in English  
0330 GMT 5 Apr 88*

[By Jacques Michel Tondre]

[Text] Site B, Thailand, April 5 (AFP)—Prince Norodom Sihanouk's resistance fighters are to jettison their Soviet-made Kalashnikov assault rifles in favour of Western weapons, the son of the former Cambodian monarch said here.

"Between now and the end of the year, most of my troops will be equipped with a Western-made rifle which will replace the Kalashnikov," Prince Norodom Ranariddh, commander-in-chief of the National Sihanoukist Army (ANS), told AGENCE FRANCE-PRESSE at this refugee camp, which is home to 50,000 Cambodians.

Prince Ranariddh declined to name the new weapon or the country that had agreed to supply it to the ANS to replace the legendary Soviet assault rifle, seen as the main infantry fire-power of Third World communist guerrilla movements.

The tripartite Cambodian resistance, which the ANS belongs to, has until now relied on China for most of its military needs in the struggle against some 140,000 Vietnamese troops in Cambodia which prop up the Phnom Penh regime, observers said.

But a statement made by Prince Sihanouk in Paris in December suggests that the United States could be the new supplier. He told ambassadors from non-communist Southeast Asian countries that Washington had finally agreed to increase aid to the ANS.

Prince Ranariddh also told AFP at this camp, some 10 kilometers (six miles) from the Cambodian border, that the ANS was expecting to receive supplies of anti-tank rockets and surface-to-air missiles before the end of the year.

He said aerial warfare had played a small part in the Cambodian conflict but the acquisition of sophisticated weaponry would give the ANS credibility and a psychological edge over the enemy.

The ANS claims a strength of 17,700 fighters, with 11,200 permanently stationed in Cambodia. This compares to an estimated 30,000 guerrillas fielded by the Beijing-backed Khmer Rouge, the most powerful faction in the CGDK, which also includes the non-communist Khmer People's National Liberation Front.

Prince Ranariddh said he aimed to boost ANS forces to 20,000 by the end of the year and to 30,000 troops in 1989.

His plans revolve around 1990, when Vietnam has said it will withdraw its troops from Cambodia.

Relations between the CGDK partners have often been stormy and the ANS has in recent months sought to distance itself from the Khmer Rouge and KPNLF, observers said.

Prince Ranariddh said to gain the support of the people the ANS must prove it can prevent the Khmer Rouge from returning to power in Cambodia.

According to secret documents shown to AFP by Prince Ranariddh, the Khmer Rouge effectively plan to break off relations with its non-communist CGDK partners and to take power in Phnom Penh after a Vietnamese troop withdrawal.

The Khmer Rouge have started to stockpile arms which could be used in the event of an internationally-supervised disarmament.

The Khmer Rouge have been held responsible for killing hundreds and thousands of Cambodians during their 1975-78 rule, including several of Prince Sihanouk's relatives, observers said.

Prince Sihanouk recently wrote: "The KPNLF on the Thai-Khmer (Cambodian) border only concerns itself with crime, the black market and violation of human rights."

He added that the Khmer Rouge "have for months ... stopped fighting the Vietnamese, leaving the ANS to fight alone on the Cambodian battlefield. (They) are now devoted solely to the task of political subversion and infiltration."

#### **Vietnamese Killed in Hand Grenade Attacks**

*BK050915 (Clandestine) Voice of Democratic  
Kampuchea in Cambodian 2330 GMT 4 Apr 88*

[Text] On the night of 18 March, patriotic Cambodian soldiers stationed at Phsa Leu hurled hand grenades at Vietnamese soldiers who were drinking in a Siem Reap provincial town market, killing or wounding 11. The Cambodian soldiers then fled.

On 23 March, patriotic Cambodian soldiers in Khnao village in Kompong Cham Province lobbed hand grenades at a meeting of Vietnamese soldiers, killing six on the spot and wounding six others.

This is a fine exploit of patriotic Cambodian soldiers who have killed the Vietnamese enemy aggressors and thwarted their savage plans. These activities have made our people very happy.

Compatriotic Cambodian soldiers in other places throughout the country, please follow the example of the above compatriots and unite and struggle more vigorously against the Vietnamese enemy aggressors through every means to quickly liberate our Cambodian people and territory.

## Indonesia

### Foreign Minister Alatas Views ASEAN Role

BK041255 Jakarta Domestic Service in Indonesian  
1200 GMT 4 Apr 88

[Text] Indonesian Foreign Minister Ali Alatas said in Jakarta today that Indonesia is ready to continue its role as ASEAN's interlocutor in all discussions related to the Kampuchea problem with Vietnam. The statement was made by Ali Alatas to newsmen in Jakarta before his departure to the capitals of the other ASEAN member countries in the framework of introducing himself as the new Indonesian foreign minister.

Indonesia has so far been entrusted by ASEAN with the role of interlocutor because of its good relations with Vietnam compared with other ASEAN member countries.

The Indonesian foreign minister who will start off his visit by making a stopover in the Thai capital said the Kampuchean problem will be one of the topics for discussion with his ASEAN counterparts in addition to other discussions pertaining to bilateral, regional, and international issues. He said talks centering on follow-up actions taken after the high-level third ASEAN summit held in Manila in December last year and economic aspects will monopolize most of the discussions.

### Minister Advises Tighter Control of Foreigners

BK020522 Hong Kong AFP in English 0512 GMT  
2 Apr 88

[Text] Jakarta April 2 (AFP)—Indonesia's justice minister has proposed tighter control of foreigners, and a restructuring of his ministry to cut down on trademark abuses, news reports said here Saturday.

The reports quoted Justice Minister Ismail Saleh as saying Thursday that current supervision of foreigners by the Immigration Department was unsatisfactory, and that an eye should be kept not only on their papers but also on their activities.

The proposals were submitted to Jakarta's new minister for administrative reforms, Sarwono Kusumaatmaja, who said it would take time to study the moves, including one that would put trademark disputes directly under the justice minister.

The Indonesian Government earlier this year relaxed restrictions on foreign experts working in non-oil export-oriented industries, while renewing a drive to register thousands of ethnic Chinese not holding Indonesian nationality.

Pirating of foreign trademarks has been a contentious subject, with several foreign companies saying inadequate enforcement had deterred potential foreign investors.

## Laos

### Phoun Sipaseut Returns From Visit to Japan

BK030726 Vientiane Domestic Service in Lao  
0000 GMT 3 Apr 88

[Text] An LPDR Government delegation led by Phoun Sipaseut, vice chairman of the Council of Ministers and minister of foreign affairs, returned to Vientiane on the afternoon of 2 April after ending an official friendship visit to Japan at an invitation of the Japanese Government from 27 March to 1 April.

During the visit, Phoun Sipaseut paid a courtesy call on Noboru Takeshita, prime minister, and held talks with Sosuke Uno, Japanese foreign affairs minister. In the meeting and talks, Phoun Sipaseut discussed with the Japanese leaders bilateral relations as well as other regional and international issues of common interest. The meeting and talks proceeded in a straightforward manner and in an atmosphere of mutual understanding.

During the visit, the two sides also signed and exchanged documents on the construction of the first phase of the Km 5 marker wharf in Vientiane. The documents were signed by Souban Salitthilat, deputy minister of foreign affairs of the LPDR, for the Lao side, and (Narabuta), director general of the Economic Cooperation Department of the Foreign Affairs Ministry of Japan, for the Japanese side.

On this occasion, Phoun Sipaseut also met with prominent personalities in the political circles and of state and private organizations of Japan. He also visited some historical places and industrial, scientific, and technical establishments in Kyoto and Nagoya. Throughout the stay in Japan, the LPDR Government delegation was accorded with a warm welcome and good care by the Japanese Government.

Souban Salitthilat further told reporters upon his arrival in Vientiane that the visit to Japan by the LPDR Government delegation on this occasion marks a new milestone in the promotion, expansion, and strengthening of the existing friendly relations and good cooperation between the two countries and that it is crowned with a glorious success.

Phoun Sipaseut and the delegation were welcomed upon their arrival at Wattai Airport by Sali Vongkhamsao, vice chairman of the Council of Ministers and chairman



of the State Planning Committee, Khamphai Boupha and Soulivong Phasitthidet, deputy ministers of foreign affairs, along with a number of high-ranking cadres concerned. Teruo Kamihigashi, Japanese charge d'affaires to Laos, was also on hand to welcome our Lao Government delegation at the airport.

### **Sali Vongkhamsao Reports on Accounting System**

#### **Reviews Production Increases**

*BK280729 Vientiane Domestic Service in Lao  
0600 GMT 5 Mar 88*

[Part one, first installment of the "report" presented by Sali Vongkhamsao, Political Bureau member and secretary of the party Central Committee, vice chairman of the Council of Ministers, chairman of the State Planning Committee, and head of the Central-Level Committee for Switching to Business Accounting, to the second national conference to review achievements in switching to business accounting throughout the country held in Vientiane on 3 March—read by announcer]

[Text] Part One: Review and Assessment of Switching to Business Accounting in the Past

I. Some Initial Achievements in Organizing the Implementation of Decree No 08/PSL Issued by the Council of Ministers on 20 February 1987

To further promote and broaden the work of consolidating business management mechanisms and switching to the socialist business accounting system in accordance with Council of Ministers Decree No 08/PSL, in 1987 we fulfilled the following important tasks:

1. We organized training sessions for 1,005 key cadres throughout the country on the work of switching to business accounting. At those sessions, the contents of speeches made by Comrade Secretary and Chairman of the Council of Ministers Kaysone Phomvihane were used as the substance for study as well as a brief report on experiments carried out by the comrade chairman of the Central-Level Committee for Switching to Business Accounting, the Council of Ministers Decree No 08, a report on calculation of labor wages at production units, a report on assignments given to and an emulation campaign to select outstanding technicians, a lesson on expected levels of utilization for basic raw materials in production units, and a report on model grass-roots production bases that have carried out experiments. These study sessions were carried out simultaneously with sessions to popularize the resolutions adopted at the fourth party congress. As a result, cadres and workers now understand more profoundly the new thinking of the party in general, and its policy on transformation of economic management mechanisms and on switching to business accounting in particular.

2. We broadened the application of business contracts that are to be the foundation for outlining and implementing 1987 business production plans among various state enterprises, both at the center and in rural areas. This is a change in the work of designing and implementing plans. As a result, a number of enterprises have managed to more efficiently increase their production compared with 1986.

For example, of the 14 enterprises in Champassak Province that have switched to business accounting, 11 have managed to earn more business income than in 1986, 9 have increased work productivity compared with the previous year, and 12 have paid more taxes to the state. Some of these enterprises have carried out operations brilliantly. The timber exploitation and processing company managed to increase its business earnings by 55.7 percent compared with 1986, its work productivity by 52.3 percent, its payment of taxes to the state by 137.4 percent, and its salaries for workers and state employees by 248.3 percent. The brick factory has also increased production sixfold, work productivity by 17.8 percent, payment of taxes to the state by 283.7 percent, and salaries for workers and state employees by 581.8 percent when compared with 1986.

Of the total number of 71 state enterprises that have shifted to business accounting in Vientiane Municipality, 39 of them have fulfilled more business obligations, 33 have managed to increase work efficiency, 31 have paid more taxes to the state, 14 have reduced the prices of their finished products, and 13 others, while maintaining the same number of workers and employees or reducing their workforce when compared to 1986, have managed to increase work efficiency, payment of taxes to the state, and salaries. Some of these enterprises have also scored outstanding achievements in their operations. For example, the farm tools factory has increased work productivity by 733 percent, taxes to the state by 166.2 percent, and salaries by 25.4 percent when compared with 1986. The roof tile and brick factory has also overcome numerous difficulties, increasing work productivity by 15.7 percent, payment of taxes to the state by 42.3 percent, and salaries by 6.8 percent compared to 1986.

The Vientiane garment enterprise has increased production by 6.3 percent, payment of taxes to the state by 13.1 percent, reduced prices of finished products by 6.6 percent, and increased salaries by 62.2 percent on the average. The 2 December garment factory has increased work productivity by 206.9 percent, payment of taxes to the state by 405.9 percent, and salaries by 276.3 percent compared to 1986. The Lao Viang distillery has also increased work productivity by 30.4 percent, payment of taxes to the state by 29.5 percent, and salaries by 142 percent without increasing the number of workers when compared with 1986.

Of the eight enterprises which have switched to business accounting in Luang Prabang Province, six have improved production and revenues compared to 1986,



six have increased work productivity, and three have contributed more taxes to the state than in 1986. Some outstanding enterprises among them are as follows: The transport and repair company has increased earnings by 84.6 percent, work productivity by 116.6 percent, and average salaries by 56.5 percent. The timber exploitation and processing company has increased earnings by 18.8 percent, work productivity by 282.4 percent, payment of taxes to the state by 1.4 percent, and average salaries by 5.9 percent.

Of the 13 enterprises which have switched to business accounting in Savannakhet Province, 11 have increased production and earnings over 1986, and all of them have increased productivity. Ten of them have also paid more obligatory taxes to the state. The timber company has increased business earnings by 17 percent, productivity by 6.8 percent, payment of taxes to the state by 604.9 percent, and average salaries by 40.4 percent. The housing construction enterprises has increased business earnings by 122 percent, productivity by 36.6 percent, taxes to the state by 3.3 percent, and average salaries 110 percent.

Of the eight enterprises under the supervision of the Ministry of Industry and Handicrafts that have switched to business accounting, five have managed to engage in more business production and to earn more business revenues than in 1986. Three of them have increased productivity while seven have contributed more taxes to the state. Three enterprises have reduced prices of their finished products. Three others, while maintaining the same number of workers, have increased earnings, contributions to the state, and salaries of workers. Among the outstanding enterprises in this ministry, the beer and soft drink company has increased work productivity by 0.9 percent, decreased the cost of its finished products by 11.9 percent, paid obligatory taxes to the state by 44.5 percent more, and increased salaries by 40.9 percent; the Tobacco Company has increased production by 17.2 percent, payment of taxes to the state by 34 percent, and salaries by 39.4 percent.

Of 14 enterprises under the supervision of the Ministry of Transport and Posts, nine have earned more revenues in business production, nine have increased work productivity, three have increased payment of tax to the state, two have reduced prices of finished products, and six have increased average salaries while reducing the level of manpower. Some of the outstanding enterprises in this ministry are as follows: The highways construction company No 10 has increased work productivity by 56 percent, payment of taxes to the state by 28.3 percent, and average salaries by 49.72 percent compared to 1986; the Lao-Soviet friendship repair workshop has increased revenues by 24.4 percent, salaries by 60 percent, profits by 25 percent, and payment of taxes by 94 percent while maintaining the same level of manpower; the Lao-Swedish friendship repair workshop has increased revenues by 37 percent, work productivity by 37 percent, salaries by 35.7

percent while maintaining the same level of manpower; the postal and telecommunications company has increased revenues by 6.1 percent and profits by 16.7 percent.

Among the four enterprises under the supervision of the Ministry of Trade that switched to business accounting, two of them have earned more business revenues in production, three have increased work productivity, three have paid more obligatory taxes to the state than in 1986, two have reduced prices of finished products, and all four have decreased their manpower levels while increasing salaries. Outstanding among the four enterprises is the fuel company—its work productivity increased by 16.6 percent, payment of obligatory taxes to the state by 40.7 percent, and salaries for workers and employees by 39.3 percent, and its manpower level decreased by 14.7 percent compared with 1986.

Out of the eight enterprises under the control of the Ministry of Agriculture, Forestry, Irrigation, and Agricultural Cooperatives that switched to business accounting, seven of them have earned more business revenues than in 1986, eight have increased work productivity, two have paid more taxes to the state, seven have increased [as heard] prices of finished products, and eight have decreased manpower levels while increasing work productivity. Outstanding among them are: state forestry enterprise No 2 where work productivity increased by 534 percent and payment of obligatory taxes to the state by 104 percent while its manpower levels decreased by 13.8 percent compared with 1986; the livestock breeding and processing company where work productivity increased by 38.7 percent, payment of obligatory taxes to the state by 232 percent, salaries by 11.8 percent, and manpower levels by 22.2 percent compared with 1986; and the water pipe and water pump repair workshop at Km marker No 14 where work productivity increased by 50 percent, payment of obligatory taxes to the state by severalfold, and salaries by 62 percent while its manpower levels decreased by 19.5 percent.

Out of the six enterprises under the control of the Ministry of Construction that switched to business accounting, four of them have increased work productivity and all of them have increased salaries while manpower levels have decreased. Outstanding among them are the gravel production factory where revenues increased by 104.6 percent and work productivity by 69.1 percent while manpower levels decreased by 28.9 percent, and the water supply company where revenues increased by 30.8 percent, payment of obligatory taxes to the state by 38.6 percent, and work productivity by 4 percent.

Pharmaceutical factory No 2 under the supervision of the Ministry of Public Health, which has switched to business accounting, has increased revenues by 414.2 percent, work productivity by 532.8 percent, profits by 415 percent, payment of obligatory taxes to the state by 837.9 percent, and salaries by 48 percent while its manpower levels have decreased by 18.8 percent.

As for the garment factory under the supervision of the Interior Ministry, it has increased revenues by 119 percent, work productivity by 70.1 percent, and salaries by 49.7 percent.

Many other services and localities whose enterprises have switched to business accounting have also actively made efforts to fulfill the 1987 plans.

#### **Details Salary Increases**

*BK290930 Vientiane Domestic Service in Lao  
0600 GMT 6 Mar 88*

[Part one, second installment of the "report" presented by Sali Vongkhamsoo, Political Bureau member and secretary of the party Central Committee, vice chairman of the Council of Ministers, chairman of the State Planning Committee, and head of the Central-Level Committee for Switching to Business Accounting, to the second national conference to review achievements in switching to business accounting throughout the country held in Vientiane on 3 March—read by announcer]

[Text] 3. In parallel with building and implementing the 1987 business production plans, the enterprises which have switched to business accounting have also outlined the second 5-year plans from 1986-90 by and for themselves by trying to balance the four primary factors, such as equipment, raw materials, capital, and labor. For example the garment factory attached to the General Logistics Department of the Interior Ministry has launched its own 5-year plan from 1986-90 with considerably high targets by expecting to increase the total output by 272 percent, productivity by 149 percent, and average salaries by 231 percent by 1990 compared with 1985. The land passenger and repair company of Savannakhet Province has designated each production unit to outline its individual plan by relying on its own production capability. Each production unit is composed of a youth union, a women's union, a trade union, and a party unit. After the plan has been outlined and unanimously passed by workers in the unit, it is submitted to the unit's board of directors for approval. Subsequently, it will be returned to workers for study. An obligatory contract will then be signed and activities will be recorded and reviewed on a daily basis. Each week these activities will be again reviewed and assessed. As for the timber exploitation and processing company of Savannakhet Province, it has instructed the head of each production unit to popularize the method in mapping out a plan. Then each production unit has been assigned to study and provide necessary data and statistics to be included in such a plan that will be scrutinized and endorsed within the unit first before it is submitted to the board of directors for debate and forwarded to the three institutions—the party, the state, and the people. After receiving unanimous approval from the board of directors, it will be introduced to workers for study in each unit.

4. We have continued computing wages at production units and giving salaries in accordance with the types of products together with testing skills in order to find outstanding technicians. This work has been actively carried out in most of the enterprises as follows:

We have increased salaries by linking them to an increase in productivity and payment of taxes to the state. This practice has been applied to certain enterprises in Vientiane Municipality, namely the knitting handicrafts factory, the roof tile and brick factory, the Lao Viang distillery, the book publishing company, the bus company, the Vientiane bakery, the restaurant at KM marker No 4, the motorcycle and bicycle repair shop, the toothpaste factory, and other factories.

We have increased salaries for workers and employees by linking them to a decrease in unnecessary labor, for example at the traditional herbal medical processing factory, the rural construction and development company, the fuel supply company, the auto repair workshop, the fish sauce and fermented fish factory, and other enterprises.

We have increased salaries by linking them to the reduction in prices of finished products, such as at the ice factory of Vientiane Municipality, the beer and beverages factory of the Ministry of Industry, the electrical cord and plastic bag factory, the bread enterprise and the 2 December repair workshop of Champassak Province, and many other enterprises.

The testing of skills of workers, cadres, and employees—both in the theoretical and practical aspects—has been conducted so as to properly reorganize production forces and to reset new appropriate and just rates of wages and salaries to suit the level of skills and knowledge of workers, cadres, and employees in each production unit and business production foundation. For example, at the Lao-Swedish auto repair workshop, the testing of skills is conducted twice a year. Those who successfully pass the testing are entitled to receive higher salaries and vice versa. Through this method, workers, cadres, and employees have an incentive to become more enthusiastic to engage in theoretical study and to pay more attention to carrying out their duties with better skills.

Such a positive practice has been put into effect at various enterprises. Before switching to business accounting, the Army saw mill No 2 used to give salaries to workers in accordance with the then prevailing price (?indexes). However, after switching to business accounting, it has fixed salaries in accordance with the outcome of end products. As a result, productivity has increased from processing 210 cubic meters of timber per month to between 250 and 280 cubic meters; the highest salary has changed from 8,200 kip to 13,500 kip per month, the lowest salary from 2,800 kip to 4,500 kip, and the average salary from 6,037 kip to 7,980 kip per month; the monthly revenues have increased from 6.5



million kip to 9,726,000 kip per month; lumber transport capability has increased from 3,800 cubic meters to 5,225 cubic meters per year. The Army shoe-making factory has also calculated salaries by linking the quantity of products with their quality and the saving of raw materials.

The land passenger transport and repair company of Savannakhet Province has paid wages and salaries in accordance with surplus revenues collected. For example, an average one-way bus fare for a passenger travelling from Sepon to Savannakhet is 345 kip. If there are 100 seats available on a bus, the state sets a target that at least 34,500 kip should be collected from passengers for a round-trip journey. If that bus should have more passengers, more fare will be collected from the additional number of passengers. In this case, the company will give all the surplus fare to the operators of that bus. However, if the targeted fare cannot be collected, those operators must be held responsible for the deficit. To ensure that such a deficit can be paid, the company has to withhold an amount of 10,000 kip from the initial surplus fare collected. This amount of surplus fare will be kept at all times by the company. In case the operators of that bus fail to fulfill the targeted fare three consecutive times in a row, they will be removed to work somewhere else.

As for the land passenger transport and repair company of Luang Prabang Province, after switching to business accounting, its director has signed contracts on overall salaries with various departments. As a result, the salaries of employees and workers have been increased. For example, under these contracts, the salaries have been adjusted to be in the range of between 9,000 and 20,000 kip per month. In 1987, the average salary increased by 68.7 percent compared with 1986.

5. We have effectively carried out the work of consolidating and upgrading the management apparatuses and reorganizing employees and workers in a number of enterprises. As a result, these management apparatuses, employees, and workers have been able to smoothly carry out their functions and the number of indirect producers in various enterprises has dramatically decreased, for example by 12 percent at the beer and beverages company under the supervision of the Ministry of Industry and Handicrafts and by 9 percent at the livestock breeding and agricultural processing company under the supervision of the Ministry of Agriculture, Forestry, Irrigation, and Agricultural Cooperatives.

Several enterprises have employed numerous positive and democratic measures in assigning and reorganizing manpower and setting up business production units. For example, the land passenger transport and repair company of Luang Prabang Province has assigned surplus personnel to take up other appropriate jobs, notably to carry out economic production outside their production base. As for those personnel who possess sufficient qualifications and are still young, they have been given an opportunity to further their study both at home and

abroad. Those personnel no longer fit to work are given an opportunity to retire with pensions or are allowed to engage in building their own family economy with adequate support from the company.

An estimated 85 percent of the women employees hired by the garment factory of the Interior Ministry are either wives or daughters of policemen. Their wages are calculated on the basis of the volume of garments they finish after taking them home to work on. The minimum standard salary for each employee at this factory is set at 6,000 kip per month. If that employee is capable of overfulfilling the set standard production target, she is given a 10 percent commission derived from the service charge of the first category of clothes she makes, 8 percent from the second category, and 6 percent from the third category. As a result of this practice, in 1987 the lowest-paid employee made approximately 6,000 kip per month and the highest-paid 16,000 kip; the average salary was 9,000 kip. At the same time, the factory also gave meals free of charge to its employees without deducting from their salaries. This practice has greatly helped employees improve their living conditions and has made them extremely happy.

In the past, the land passenger transport and repair company of Savannakhet Province required 6 technicians working 5 months to build a passenger bus body. After switching to business accounting, only 3 technicians are required to complete the job in 45 days and the quality of the product is guaranteed.

At the timber exploitation and processing company of Savannakhet Province, it took a long time to repair machines which were broken down at the company's saw mill. Nevertheless, after switching to the new system, workers at the saw mill always take the initiative to look for spare parts day and night to repair such mishaps.

6. The value of assets have been reexamined and reassessed. Certain concerned organizations have been entrusted, in coordination with the planning, finance, and banking sectors and business companies, with the task of reevaluating the value of fixed property, inspecting depreciation, and examining revolving capital, materials left in warehouses, bank accounts, cash, and debts to be paid and to be collected. Through the process of reexamination and reevaluation, the assessment of capital for production, including revolving and fixed capital, can be clearly carried out, thus enabling the ministries, provinces, and municipalities to smoothly sign documents to acknowledge the rights of self-mastery in carrying out business production.

After reexamination and reevaluation, it is estimated that the total value of the fixed assets of 128 enterprises throughout the country which have already switched to business accounting is some 12.69 billion kip at the exchange rate of 35 kip per 1 dollar. In Vientiane Municipality alone, there are 71 enterprises which have

switched to business accounting. Their assets have been revalued at 2.73 billion kip. The debts to be collected by the 128 enterprises are 8.3 billion kip and to be paid 4.886 billion kip.

7. Several enterprises have already calculated the amount of basic materials utilized in each production unit; this is to be used as a basis for signing contracts and saving materials. For example, the electricity company has fixed the target of expenses for the circulation [words indistinct] for 1,000 kip. The Tobacco Company has fixed the target utilization of basic materials for the (A-deng) cigarettes, the filter-tipped (That Louang) cigarettes, the Vientiane cigarettes, and the No 1 cigarettes. The beer and beverages company has fixed the target utilization of basic materials [words indistinct]. Workers at the land passenger transport and repair company of Savannakhet Province have also initiated the idea to repair machines which are out of order. For example, they have already repaired two drills, two lathes, two grinders, and two kilns for drying wood, saving an estimated 2.2 million kip for the company. The state construction company has used fabricated concrete piles in its construction work, thus saving time, energy, labor, and construction wood for molding. As a result, unnecessary losses have been avoided while quality is improved.

#### **Explains Price-Setting**

BK010900 *Vientiane Domestic Service in Lao*  
0600 GMT 7 Mar 88

[Part one, third installment of the "report" by Sali Vongkhamsao, Political Bureau member and secretary of LPRP Central Committee, vice chairman of Council of Ministers, and chairman of State Planning Committee, and head of Central-Level Committee for Switching to Business Accounting, presented to second national conference to review achievements in switching to business accounting throughout country held in Vientiane on 3 March—read by announcer]

[Text] 8. Many enterprises have reasonably arranged the calculation of fixed prices, profits, and obligatory revenues for contribution to the state budget in accordance with the line of seeking to reduce the prices of finished products or to minimize increases in the prices of finished products by limiting improper expenses. On this basis they have turned in more obligatory revenues to the state budget and have increased profits to augment the treasury. For example, following the switch to business accounting, in 1987, 14 enterprises in Champassak Province increased their profits by 419.2 percent and increased the payment of taxes to the state by 29.5 percent as compared to 1986. For all the 71 enterprises in Vientiane Municipality, they have increased their profits by 132.8 percent and increased the payment of taxes to the state by 30.4 percent.

In short, all the 125 enterprises throughout the country, excluding the central electric company, have increased profits by 56.6 percent and increased the payment of taxes to the state budget by 24.9 percent as compared to 1986. For the pharmaceutical factory No 3 under the Public Health Ministry, its total revenues gained from the selling of products for the first 9 months of 1987 increased to 93 million kip, 88.7 million kip of which—or 95.37 percent—has been turned in to the state budget. As for the Lao tobacco company, it has already turned in revenues to the state budget for the month of January. This is the first enterprise to fulfill the obligation to the state. The beer and soft drink company has increased the sales of products by 37.35 percent as compared to 1986. Noteworthy is that the amount of foreign currency gained from sales was \$185,000. In addition, it has deposited in the bank 215 million kip.

9. Some enterprises have formulated their own rules and regulations. However, those rules and regulations are merely temporary.

10. Some ministries and localities have paid attention to consolidating and reorganizing party and mass organizations in various state enterprises attached to them. This has brought about positive results to the task of switching to business accounting.

11. In 1987, the Council of Ministers enforced a number of economic policies, such as the policies on prices, taxes, the circulation of goods, currency, the consolidation of trading systems at all levels, and so forth. The enforcement of these policies has brought positive results to the switching to the business accounting of various enterprises, in particular during the recent past.

12. Some ministries and local administrations have organized to consolidate their apparatuses to make them simpler and more appropriate to the true situation by reducing middle points and unnecessary sectors, thereby improving state management work.

In short, in 1987, we made efforts to switch to the business accounting mechanism. Noteworthy is that we completely switched 186 of the total 377 state enterprises throughout the country to the business accounting system. Among the 186 state enterprises, some have become good models for us.

The Weak Points, Remaining Problems, and the Causes of Those Weak Points and Problems in the Implementation of the Task of Switching to the Business Accounting [subhead]

A. The weak points and remaining problems: Along with the aforesaid initial achievements, the modification of the management mechanism in general and the switching to the business accounting in particular in 1987, it is apparent that there remain many weak points and



remaining problems that must be clearly pointed out, criticized and examined. Lessons must be reviewed and learned to thoroughly settle them.

The weak points and remaining problems have been shown through some basic practices to be as follows:

1. Production and labor productivity in many enterprises which switched to business accounting in 1987 have either declined or remained at a standstill as compared to 1986, not as a result of an objective cause. An example of this is that the revenues and labor productivity in 22 out of 71 enterprises in Vientiane Municipality which have switched to the business accounting have declined as compared to 1986. Of these, half have registered a decline of from 18 to 51 percent as compared to 1986. In Savannakhet Province, the revenues of two enterprises have declined by 10 to 17 percent as compared to 1986. A similar situation has appeared in all branches and localities.

2. While the incomes of the enterprises have declined, the number of workers and state employees has actually increased, as a result of which profits have not been divided in a reasonable way and many enterprises have turned in less revenues to the state budget than in 1986. Among these are two enterprises in Savannakhet Province, five in Luang Prabang Province, two in Champassak Province, 14 in Vientiane municipality, one under the Industry Ministry, one under the Trade Ministry, three under the Construction Ministry, and five of the eight enterprises under the Agriculture, Forestry, Irrigation, and Agricultural Cooperatives Ministry.

3. Many enterprises have still failed to exert all efforts to fulfill their business production plans. For example, only three of the eight enterprises under the Industry Ministry have been able to utilize only 40 to 50 percent of their production capabilities and certain enterprises under the Agriculture, Forestry, Irrigation, and Agricultural Cooperatives Ministry could put into practice less than 20 percent of their production capabilities.

4. The rotation of capital in many enterprises is still slow as compared to the same type of enterprises attached to other economic sectors. For example, one round of the rotation of capital of 23 enterprises in Vientiane Municipality and eight others under the Industry Ministry has taken as long as 75 to 80 days.

5. The salaries of workers and state employees in many state enterprises are still low and are even lower than those of workers and employees in various private enterprises and cooperatives.

6. Many enterprises have not yet been comprehensively consolidated and strengthened. Some enterprises have quite effectively carried out business production activities, but their party and mass organizations have not yet been appropriately consolidated and strengthened. In

addition, in certain enterprises, mass organization directors and party secretaries are in opposition at all times and the higher echelons of the enterprises can do nothing to settle it. The masses' rights to ownership, the principles on democratic centralization, and the chief ruling system in many enterprises have been seriously violated, as a result of which mass movements have come to a standstill, internal solidarity has been disrupted, and various negative phenomena have grown widely. As a result, enterprises have been unable to fulfill their leading roles and could not serve as strong bastions of socialism.

#### The Causes of Various Weak Points and Remaining Problems on the Switching to the Business Accounting in 1987 [subhead]

The causes of various weak points and remaining problems are that we have failed to completely do away with the centralized bureaucratic administrative management mechanism based on the state-financial system and to absolutely switch to the business system, that various enterprises have still failed to thoroughly implement the self-mastery system in carrying out business, that the state administrations have continued to seriously interfere in the internal affairs of enterprises, and that our cadres have yet to profoundly and thoroughly understand and grasp the party's line, in particular the party's policy concerning the economic structure. Our cadres have also failed to profoundly understand the work on the goods-money relationship, the broadening of democracy, and the use of economic measures as a basic means to carry out the management as set forth by our party in the resolution of the fourth party congress.

All these have been clearly seen through many events and practices as follows:

1. A number of state enterprises have not completely turned to implementing the business accounting mechanism. As a result, those enterprises have failed to genuinely take the initiative in carrying out their production business activities. In particular, they have yet to maintain self-mastery in certain fields, such as in the financial field. For example, due to a misunderstanding of the role and responsibility of credit, cash, and currency, it is apparent that credit has been used indiscriminately and not in accordance with their role, responsibility, and principle. As a result, enterprises which have switched to the business system cannot implement self-mastery in using their own capital, thus resulting in the widespread debt. The situation in which enterprises have been in debt and have controlled one another's capital has been widely expanded to a very dangerous extent. An example of this is that in 1987, the Lao electric company had as much as 1.58 billion kip debt, the Water Supply Company had 174.9 million kip, the Material and Technical Supply Company had 225 million kip, the trade company of Champassak Province had 1.2 billion kip, and the Lao fuel oil company had 718 million kip in debt.

Many enterprises, not being allowed to withdraw their money, have had to delay the payment of wages to workers. For example, workers of the mineral exploitation company have not received their salaries, part of which is cash, for 4 to 5 months already. Besides, the implementation of the salary-paying system under the form of contracts of some enterprises, such as the central postal company and the Champassak Provincial Electrical Company, has also been suspended due to the interference into their affairs by the state administration. The failure of most enterprises to strictly implement the state's unified accounting system is one of the various causes of the practice of corruption and the wasteful use of capitals of those enterprises.

In addition, a number of enterprises have still failed to take the initiative in carrying out buying and selling activities and in fixing prices. An example of this is that the executive branch has interfered in the purchase of iron sheets of the corrugated iron factory, as a result of which the factory has had to suspend production for over 4 months already. Many other enterprises, such as those under the interior, the national defense, the public health, and other ministries, have no authority to buy raw materials by themselves to serve production. Only the executive branches of those ministries are authorized to do so. A number of other enterprises have still failed to completely take the initiative in adopting plans and comprehensively implementing them, because their affairs have been interfered with by the state management organizations at higher levels. For example, the Transport and Posts Ministry has laid out the business revenue plan for the postal company, a plan which is beyond the capability of the company to fulfill. Another example is that the Planning Department of the Culture Ministry has taken the place of the printing house under the department in signing contracts with the Central Trading Service on the purchasing of paper for the printing house. The failure of many enterprises to take the initiative in transforming their management work is the primary cause of the adoption of a wrong direction for production. It has also led to a lack of creativity in seeking appropriate means and forms to organize business. Among such enterprises are the Tha Ngon Farm Machinery repair Factory and the Km 5 marker construction company.

Many enterprises have still failed to make use of or to implement their own status as a juristic person, in particular in the spheres of buying and selling, economic relations, and the signing of contracts, and in carrying out their business production. An example of this is that the Stone Grinding Factory under the Construction Ministry, failing to make use of its juristic status, has been sued by the Km 5 marker construction company.

2. The management organizations at various levels have still failed to completely turn to implementing their own economic executive and management roles and responsibilities. They have continued to interfere in the business affairs of various enterprises. As a result, there

appear to be many negative phenomena, such as a delay in the enforcement of various economic policies, regulations, and law and the contents of various documents are still full of the old, bureaucratic state-financing viewpoints. These negative phenomena have resulted in troubles for various state enterprises to carry out their business production. For example, the administrations of many provinces have not allowed enterprises of other provinces or of the center to carry out natural resources exploitation activities in their provinces. The Khammouane and Bolikhamsai provincial administrations have not allowed the mountainous region development company to carry out timber exploitation in their provinces. Another example of this is the recent coffee buying and selling case between Champassak and Savannakhet Provinces.

In many cases, the financial services at various levels are still likely to abuse their authority to force enterprises to turn in too much obligatory revenues to the state budget, thus violating the conciliatory principles of reaping benefits. Examples of this are the collection of all profits gained by the water pipe production and water pump repair Factory by the Agriculture Ministry and the case in which the Luang Prabang provincial budget service owed the transportation, repair, and material supply company some 100 million kip.

The failure of banks to switch to business accounting has also created great problems for many state enterprises in the circulation of goods and money, in particular in carrying out their business production. For example, they cannot supply cash in a timely manner, have experienced delays in settling the problem of foreign currency, and have had difficulties in fulfilling the credit and payment tasks. This has been seen in certain cases, such as the case of which personnel of the International Trading Service had to travel to the bank on as many as eight occasions before they could get some 2 million kip in cash per month. Another example is that due to a delay in the supply of cash by the bank, the postal company now owes the people as much as 11 million kip for money orders.

The trading under the state-financing administrative system is also a main cause of trouble for the enterprises to carry out their business production. For example, before supplies can be taken from the warehouse of the Tha Naleng wharf, as many as 14 signatures are needed. In addition, the bureaucratic administrative pricing system, which has been set up for implementation from the upper down to the lower levels, has also created great troubles for various enterprises to carry out their buying and selling or business accounting activities. For example, in the past, the agricultural processing company set the price for purchasing maize at 22 kip per kilo. As a result, the company could not buy any maize from anywhere due to the very low price. It then had to buy the maize from Thailand at the price of U.S. 20 cents, or approximately 60 kip, per kilo. Now, the price of maize in accordance with the contract signed with the people is

50 kip per kilo. With this price, the company can now buy more than 4,000 metric tons of maize, the amount of which is sufficient for production during the whole year.

In the past, there was a delay in the division of the levels of the management of labor division between the center and localities and among various levels of the economic executive and management apparatuses. The divisions have not been done in a clear and reasonable manner. These have considerably affected the improvement of the management and the production reorganizing work in various enterprises. Noteworthy is that the task of training, building, and rearranging cadres, in particular cadres of the two types—the state management and the business management cadres—has not been effectively fulfilled. There continues to be confusion between the two types of cadres. This has brought negative phenomena to the implementation of the state management work as well as to the task of managing business production in the present.

This is a main cause of the lack of unification in the leadership of a number of state enterprises, such as the central farm machinery factory and the water pipe production and water pump repair factory. As a result, the mass movements in many enterprises have come to a standstill, the popular democratic power under the party's leadership in each enterprise has not been effectively implemented, and the democratic rights to self-mastery and the creativeness of the masses have also been restricted. The state management organizations at various levels have also failed to effectively fulfill their control and supervision roles and responsibilities. They have failed to firmly grasp the situation. As a result, they have been unable to satisfactorily settle various problems, thus causing many negative phenomena to the business production activities of a number of enterprises.

In short, there still remain many problems that we must completely settle and overcome in order to lead forward firmly and comprehensively the movement to switch to the business accounting system.

#### **Outlines Plans for 1988**

*BK011309 Vientiane Domestic Service in Lao  
0600 GMT 8 Mar 88*

[Part two, final installment of the "report" presented by Sali Vongkhamsao, Political Bureau member and secretary of the LPRP Central Committee, vice chairman of the Council of Ministers, chairman of the State Planning Committee, and head of the Central-Level Committee for Switching to Business Accounting, to the second national conference to review achievements in switching to business accounting throughout the country held in Vientiane on 3 March—read by announcer]

[Text] Part Two: Orientation, Duties, and Plans To Continue Switching to Business Accounting for 1988

In connection with the overall direction for further implementation of the orientation and fundamental socioeconomic tasks laid down by the fourth party congress, particularly the construction of the new economic (?structure), we must continue implementing the overall direction concerning the modification of the economic management mechanisms as defined by the Fourth Party Congress, that is we must fundamentally, profoundly, and comprehensively modify the current economic management mechanisms and economic management system and must guarantee that the new economic management mechanisms are much more effective, versatile, and complete and that as many hidden potentials of the country and the present era as possible are exploited in triumphantly implementing the said orientation and tasks.

Let us discuss these tasks:

1. We must continue to firmly, vigorously, and comprehensively consolidate those enterprises which have already switched to business accounting while totally shifting the remaining state enterprises to the socialist business accounting system so as to ensure that they are able to carry out business activities in a highly efficient and comprehensively vigorous manner and are able to further enhance their leading role toward other economic sectors through the forms of cooperation and highly effective economic alliance, thereby turning the state enterprises into the strong fortress of socialism.

To fulfill these objectives, we must carry out the the following tasks: Henceforth, we must urgently classify the categories of state enterprises in accordance with the following two criteria.

The first criterion is that all the enterprises which are regarded as the veins of the economy and are of significance in various aspects to the foundation of the national economy must be directly controlled by the state. They will also link with other economic sectors by means of economic alliance and cooperation. Through this process, state enterprises will be able to firmly play an active leading role and become the fortress of socialism. This means that enterprises whose products and administration are not vital should switch to the form of state-private partnership to lessen the state's burden and build the state's overall strength.

The second criterion is that the state enterprises must have a high level of efficiency. This means that enterprises which are dramatically inefficient and are not so important must switch to the form of state-private partnership or any other appropriate and more effective forms of (?operations). After that the state will control these enterprises through a form of economic alliance and cooperation. This is how the leading role of the state enterprises can be solidly consolidated.



Plans and timetables must then be quickly drawn up to completely solve the cadre problem, particularly by effectively carrying out the work of upgrading, training, selecting, and reorganizing the two categories of cadres—the state management cadres and the business management cadres—especially directors and certain key cadres of the enterprises. In addition, the masses must be organized into an active movement for engaging in economic production emulation and all democratic features must be broadened so as to create conditions for the laboring people to genuinely exercise the rights to self-mastery. To achieve this goal, we must turn to the grass roots, firmly grasp the situation, and outline plans to mobilize the masses to build movements. On this basis, we must select key cadres and look for a more rational method of organizing businesses. After that we can proceed to consolidate and reorganize production and modify the managements of the enterprises.

At the same time, we must also speedily continue to announce policies, regulations, laws, and all detailed work procedures so as to ensure the creation of the most favorable conditions and atmosphere for the movement of switching to business accounting in accordance with the spirit spelled out by the fifth plenary session of the fourth party Central Committee. At the same time, these policies, regulations, and work procedures must be thoroughly and extensively popularized so as to allow all laboring people to genuinely appreciate and implement them in a uniform manner.

We must continue to successfully consolidate and reorganize the state management machinery at various levels in an expedient manner so as to make them simple but highly efficient in functioning. We must pay attention to the work of dividing management levels, work, and responsibility in a clear-cut manner. We must reorganize the ranks of cadres who execute the two management roles—the state management and the business management—in a rational manner so that we will be able to enhance the overall strength of cadres and effectively rectify the working pattern.

## II. The Program of Action for the Year 1988

1. We plan to organize conferences in four zones. The Vientiane Municipality zone will convene the conference first with cadres of all ministries, the Vientiane municipality, and the provinces of Vientiane and Bolikhamsai with the participation of delegates from Champassak, Savannakhet, and Luang Prabang Provinces. After that all the cadres from the ministries will return to their respective ministries so as to review and to analyse in depth the fundamental problems of their respective organizations. The Central-Level Committee for Switching to Business Accounting together with the provinces will review and analyze similar problems in the remaining zones. The Central-Level Committee for Switching to Business Accounting will select the problems to be submitted to the Council of Ministers for further official actions.

2. Relying on the contents reviewed at this conference, representatives of the ministries, provinces, and municipalities will complete organizing review meetings at their respective ministries, provinces, and municipalities by the 1st quarter of 1988. The targets are all the key cadres of ministries, municipalities, and grass roots, including directors and deputy directors, and persons in charge of plans, financial accountancy, labor, salaries, and technical sectors. After that the grass roots must organize study sessions for cadres and workers at their respective levels.

3. All ministries, provinces, and municipalities must categorize the types of central enterprises and must determine which enterprises they wish to control and the provinces and municipalities must also determine which enterprises they wish to keep so that reports can be submitted to the Council of Ministers. Certain factories must be judged as to whether they are under the supervision of the center or the localities.

4. The Central-Level Committees for Switching to Business Accounting and the committee for guiding the work of switching to business accounting at the ministerial, provincial, and municipal levels will continue the work of guiding the switching to business accounting. The Secretariat and the Council of Ministers will lay down their detailed duties and rights.

5. The ministries, provinces, and municipalities must map out detailed plans to be submitted to the Central-Level Committee for Switching to Business Accounting and the office of the Council of Ministers in the first quarter of 1988.

## Philippines

**Honasan Gives Interview After Escape**  
*HK050711 Manila PHILIPPINE DAILY GLOBE*  
*in English 5 Apr 88 pp 1, 6*

[Excerpt] Renegade Army Lt. Col. Gregorio "Gringo" Honasan denied yesterday allegations by the Armed Forces that he had bribed his guards in order to make his escape from the BRP Andres Bonifacio early Saturday.

In an interview, Honasan, who escaped with 14 of his jailors from the Navy ship docked at the Manila Bay in two rubber boats, also hinted that elements of the Armed Forces helped him stage the dramatic dash from ship to shore at around 2:30 a.m. on Black Saturday.

Speaking in Filipino, Honasan said no force was used, no bribery was made and that the guards, all members of the elite Special Naval Warfare Group, helped him because of their own conviction that reforms were still needed in the military.

Honasan also said that, contrary to the claims of the military, no shots were fired when the escape was made.

No hostage was also taken, the former Army officer who was with the group which first broke away from the government of deposed President Marcos in the February Revolution of 1986, said.

The reports that he had bribed the guards are merely a ploy to destroy the image of the Armed Forces, Honasan insisted.

He also cited that an earlier radio interview with him was not aired upon orders of the government, because management was threatened with cancellation of franchise, and not just the license, if the interview would be aired.

Attempts by reporters to listen to the taped interview were all politely turned down by the news manager of the radio station.

The government had earlier warned that television and radio stations would lose their permits to operate should they air interviews with Honasan, or his wife Jane.

Print media was also "strongly exhorted" to exercise self-censorship on the same interviews. Otherwise, newspapers could be accused of "inciting people's passions to overthrow the government," for which media can be penalized.

Justice Secretary Sedfrey Ordenez, in a press conference, said the order banning broadcast of all Honasan interviews is now being implemented by the National Telecommunications Commission. It took effect last Saturday, he added.

Ordenez also denied that the order is a violation of press freedom, saying that "airing of the views of Honasan clearly presents a clear and present danger to our government."

The government, the justice official said, is "duty bound" to prevent broadcast interviews with Honasan because "unless prevented, (Honasan's) unlawful acts will have been glamorized and exploited by persons who desire to overthrow the government."

Radio station DZXL was reported "dissuaded" by Malacanang officials from airing an interview with Honasan last Saturday, after the former Army officer escaped from the BRP Andres Bonifacio which was docked at the Manila Bay.

Sources also said Metro Manila radio stations had received calls from the Kilusan ng mga Brodkaster sa Pilipinas [Philippine Broadcasters Movement] (KBP), warning them against interviews "that would destabilize the government."

The same sources said an interview with Honasan's wife Jane was cut short after the radio station's management received a call from the palace.

In the interview with Honasan, the renegade officer denied having bribed his guards to allow him to escape.

The guards, Honasan said, helped him because of their own conviction on the need for reform in the military.

Radio station DZWL sought the permission of Ordenez last Saturday to broadcast an interview with Honasan. The justice secretary immediately called up Press Secretary Teodoro Benigno, urging the latter to instruct Luis Alcuaz, NTC commissioner, to prohibit all airings of Honasan's views.

"We know Honasan's intentions and objectives. They are public knowledge and are geared to destabilize the government.

"I don't know if the President shares my policy but she was present when I issued my instructions through Benigno," Ordenez said.

In Malacanang, Benigno called Honasan as a "rebel without a cause." Benigno also ruled out the possibility of another coup attempt by Honasan's group.

At the same time, President Aquino indicated that she has not set any deadline for the recapture of Honasan.

"I just told them (the military) to get him," the President answered when asked if she gave a deadline. [passage omitted]

**Official Defends Ban on Honasan Interviews**  
*HK050751 Manila Radio Veritas in Tagalog*  
0700 GMT 5 Apr 88

[Text] Press Secretary Teodoro Benigno has defended the government's decision to threaten the media with the withdrawal of licenses, notably those of broadcast media, should the latter air any interviews with former Colonel Gregorio Honasan. This was Secretary Benigno's reaction to a press release issued by the opposition Grand Alliance for Democracy [GAD].

According to GAD Chairman Francisco Tatad, the warning is a brazen imposition of censorship that makes a mockery of the constitutional guarantee of free speech and free press. In its news release, GAD asked the president to lift the ban imposed by Justice Secretary Sedfrey Ordenez and allow broadcast media to cover the issues related to the escape of the rebel leader, former Colonel Gregorio Honasan.

Here is the reaction of Press Secretary Teodoro Benigno.

[Begin recording in English] [Benigno] Every democracy has a right to defend itself from its enemies who seek its overthrow, and that is probably the core and kernel of what Secretary of Justice Sedfrey Ordenez meant in his statement to the media.

[Male reporter] Sir, does it mean that we are under emergency rule?

[Benigno] What I said earlier was that we are in an emergency situation because we have a full-blown communist rebellion, not to mention the MNLF, not to mention the right-wing rebels of the Armed Forces of the Philippines. Any state has the inherent right to protect itself from its sworn enemies.

[Male reporter] Sir, that is the reason for the ban of interviews?

[Benigno] The legal questions, you ask the justice secretary. [passage indistinct] [end recording]

### Enrile Criticizes Ban

HK050803 Manila Radio Veritas in Tagalog  
0700 GMT 5 Apr 88

[Text] Senator Juan Ponce Enrile strongly criticized the government for warning reporters against making contacts with renegade soldier Honasan. In an interview, Enrile also offered the services of his law firm to reporters who may face charges for conducting interviews with Honasan.

At the same time, Enrile challenged the administration to call a snap presidential election to find out whether President Corazon Aquino is still popular or not. He added that Honasan may stand as a rival candidate to Aquino.

Enrile also said that he himself is not interested in running for the presidency either in a snap poll or in the 1992 presidential elections.

### Opposition Opposes Interview Ban

HK051153 Quezon City GMA 7 Radio-Television Arts  
Network in Tagalog 1030 GMT 5 Apr 88

[Text] The opposition today criticized the government for stopping publication and broadcasting of interviews with Colonel Gringo Honasan.

According to Vice President Salvador Laurel the ban violates freedom of speech, the press, and equal protection under the law.

The GAD and the Nacionalista Party also scored the ban issued by Justice Secretary Sedfrey Ordonez and National Telecommunications Commissioner Luis Alcauz.

According to GAD, aside from curtailing press freedom the ban was a violation of human rights.

On the other hand, the Nacionalista Party said the measure was a violation of the Constitution.

### Broadcaster Deplores Bans

HK050909 Manila BUSINESS WORLD in English  
5 Apr 88 p 4

[by Kristina M. Luz, executive producer of Public Affairs & Special Projects. ABS-CBN Broadcasting Corporation]

[Text] Philippine society is too often consumed by the rage of the times.

Just last week, newspaper headlines, television and radio monitors broadcast openly the capture of the top leaders of the New People's Army.

The military was praised for a job well done and the Commander in Chief was reportedly elated.

The rage of the week was listening to "war stories" told by intelligence officers of the Constabulary, long stakeholders of suspected NPA safehouses and how the Red Tide was finally stemmed in the urban jungle called Manila.

Press freedom was at its height. Or so we all thought or were made to believe.

The recent statement, however, of Justice Secretary Sedfrey Ordonez has once again put a damper on a profession that is often looked upon as coddling one side or the other.

Negligence in security detail and the escape of rebel ex-Col. Gregorio Honasan are not the fault of the Commander in Chief but perhaps of the Armed Forces of the Philippines.

Let us, therefore, not call the attention of the press for soliciting reactions to the incident. It is within the objectives and guidelines of the profession to seek out opinions to such an incident.

It is also the responsibility of each journalist to make the public aware of how an act of defiance against the state should not be tolerated. This is the reason press freedom must be encouraged instead of being threatened by overreactions.

The warning of Justice Secretary Ordonez to radio stations who publicize or air any information "extolling or facilitating the activities of known enemies of the state," is a violation of press freedom.

It harks back to a question that has plagued the profession of journalism in the country before and during the present administration.

How does the Aquino Government define press freedom?

Must we write openly only of praises for the military on a job well done?



Does Government not feel there are credible journalists who may be resourceful enough to speak to Mr Honasan, listen to his views and provide an intelligent debate on whether or not his statements can be considered credible information or sheer and shrill propaganda?

I have the highest respect for the Justice Secretary and therefore, I appeal to him.

Let us stay calm and practise sobriety.

Let the-profession of journalism, whether print, radio or television, be a public service for the public and not solely for the Executive Branch of Government.

For those of us who are committed to professionalizing an industry that is still marred by questionable practices of the past, give us the opportunity to judge for ourselves what is propaganda and what is not.

Let us not be consumed once again by the rage of the times.

**Senator Enrile's Batangas House Raided**  
*HK040918 Manila THE MANILA CHRONICLE in English*  
*4 Apr 88 pp 1, 7*

[By staff members Pete Reyes and Lito Mangaser with additional details from Esper Buenaflor]

[Text] Soldiers swooped down early yesterday morning on the seafront rest house of opposition Sen. Juan Ponce Enrile in Nasugbu, Batangas, on suspicion that former Lt. Col. Gregorio "Gringo" Honasan was there but found no trace of the escaped coup leader.

Reached by phone last night at his home in Dasmarinas Village, Makati, Enrile told the 'Chronicle': "They are welcome to go there anytime. They are even welcome to come to my house."

He said the raiders had no search warrant. "But it's all right if that's the attitude of the present dispensation."

Enrile added: "I'm beginning to sense that they treat me as an enemy, why don't they say it openly and publicly?"

Col. Oscar Florendo, Armed Forces spokesman, told reporters yesterday another raid was conducted on a house in Indang, Cavite, shortly after midnight of Saturday, but the raiders also came out empty handed.

The military has thrown a dragnet around Metro Manila and nearby provinces in Southern Luzon.

Camp Aguinaldo said it had received several intelligence reports which "strongly indicated" that Honasan was hiding in either of these two areas.

Gen. Renato de Villa, AFP [Armed Forces of the Philippines] chief of staff, said Honasan, who escaped from a prison ship in Manila Bay early Saturday with his 14 guards, might still be in Metro Manila.

The military chief for Northern Luzon, Brig. Gen. Alejandro Galido, was ordered to supervise the hunt for Honasan in his jurisdiction.

Troops remained on red alert throughout the country yesterday. De Villa placed troops even in the Visayas and Mindanao also on red alert in the event disgruntled officers and politicians tried to exploit the situation in Manila and stage attacks against government installations.

De Villa told newsmen Saturday night he accepted responsibility for Honasan's escape but would leave it to President Aquino to decide whether he should be relieved.

"I have informed the president that there is the ship captain and there is the commander of the group that is involved in securing him (Honasan) and there is the flag officer in command and there is myself as chief of staff," De Villa said.

"Somehow, in one way or another, I bear responsibility for ensuring that our detainees are secured and procedures are followed," he added.

De Villa has placed under arrest Lt. Commander Fred Tuvilla, captain of the Navy ship BRP Andres Bonifacio, where Honasan has been detained since December last year.

Two Marine battalions were pulled out of counterinsurgency operations in Bulacan and Rizal provinces to man checkpoints in the northern and southern entrances to Metro Manila.

Brig. Gen. Rodolfo Biazon, Marines chief and commanding general of the National Capital Region Defense Command, said about 70 percent of military and police forces in Metro Manila had been thrown into the hunt for Honasan.

Five assault teams were rushed Saturday night to the beach house of Enrile after the Batangas PC command received radio messages from the Navy on the supposed presence of Honasan in Barangay Natipuan, Nasugbu.

Honasan was former chief security of Enrile when the latter was minister of defense.

Col. Julianito Manalo, PC commander, told the 'Chronicle' that upon receiving the navy report he immediately organized five assault teams, composed of eight men per team. Boats were also deployed in the area.

He said his men started moving on the Enrile rest house at 10:30 Saturday night and reached the rest house at 2:30 Sunday morning. Fourteen people were found in the rest house, including Enrile's son Jacie, two women companions and two military escorts—Master Sergeants Cabrera and Cuadra.

In a sworn statement, Sgt. Delfin Tuico, chief security of the Enrile property, which included a farm, the senator arrived at the rest house at about 2:20 p.m. Saturday but stayed for only 30 minutes. Enrile told the CHRONICLE last night he left the place around 4 p.m.

Jackie, Tuico said, had been there since 10 a.m. Saturday.

Manalo admitted the soldiers had no search warrant when they entered the Enrile property.

Found in the vicinity of the rest house, according to a PC report, were one Hi-Ace van, three Toyota Silver Edition sedans, one Pajero van and one Chevrolet patrol jeep. The report did not say who own the vehicles.

In Metro Manila, several checkpoints have been set up in different areas. They were manned by Constabulary and police forces from the Capital Region Command.

Camp Aguinaldo remained sealed off from the public, including the media, for the second consecutive day.

In a talk with the CHRONICLE, Biazon and his men nearly captured in metro Manila early yesterday suspected mutineers who were trying to link up with Honasan.

He said the raiders missed their quarry by less than an hour. He gave no other details.

A source said Camp Aguinaldo had identified about 50 vehicles which could have been used by Honasan on touching land after escaping by rubber boat from the prison ship.

Southern Police District [SPD] operatives, on the other hand, have launched a search for three vehicles believed used by Honasan and his group.

Brig. Gen. Fernando Angara, SPD superintendent, said one of the vehicles was seen early Saturday morning carrying an inflated rubber boat. Honasan and the guards who went with him were presumed to have used two such boats.

The vehicles being hunted are a dark colored car with plate number NTK 426, a Black Toyota Hi-Ace van with plate number CCM 784 and a white Ford Fiera with plate number CBK 869.

Angara identified the drivers of the vehicles as Jimmy Santos, who claimed to be a policeman, Boy Tidalgo and Henry Co.

Police said the three cars entered the firing range of Pasay City policemen in the reclaimed area along Manila Bay at around 9:30 p.m. Friday.

The security guards at the Central Business Park I, where the firing range is located, told police the three cars left the premises at 3 a.m. or thereabouts Saturday and sped south.

They said that when the cars were about to leave, they heard gunshots coming from the shore.

Brig Gen Alexander Aguirre, Capital Region Command (Capcom) chief, ordered all police units to be on the lookout for the following vehicles which could have been used by Honasan and his men; white Pajero station wagon with plate number PAH 923, baige Lancer car with plate number PFU 202, yellow Opel car with plate number DDK 260, blue Toyota liftback sedan with plate number NKW 818, dark red Lancer car with plate number NCF 392, blue Lancer car with plate number PBR 332, and a gray Nissan car with control number PBU.

**Speaker Queries U.S. Role in Honasan Escape**  
*HK050719 Manila BUSINESS WORLD in English*  
5 Apr 88 p 8

[Text] Acting House Speaker Antonio Cuenco yesterday said the U.S. "is likely to be behind" the escape of renegade soldier Gregorio Honasan "to pressure President Aquino to reveal her option" on the American bases issue.

He noted that Defense Secretary Fidel Ramos had hinted possible "foreign intervention" in engineering the escape.

"It was disturbing news because, if proven true, is a clear case of intrusion into our domestic affairs," Mr Cuenco stressed, indicating that the U.S. in particular, is the culprit as he surmised, "It is not far-fetched because of the ongoing U.S. bases review."

Periodic discussions on the fate of the 1947 military bases agreement are set to start today.

The acting speaker recalled that Foreign Affairs Secretary Raul Manglapus complained against the "arm-twisting tactic" of the American government to force the President to reveal her option on the bases. He added, however, "I firmly believe that they (Americans) won't succeed in pressuring her (Mrs. Aquino)."

He also told newsmen that he had directed Rep. Rodrigo Gutang of North Cotabato, chairman of the public safety and order committee, to investigate the matter. He said the investigation will center on the reasons why Honasan was detained on a Philippine Navy ship which, he noted, was very expensive, "and not in a maximum security detention center" at Fort Bonifacio.

Meanwhile, Rep. Renato Unico of Camarines Norte showed mediamen a report prepared by Philippine Navy board of officers led by Navy chief, Commodore Carli'o Cunanan, which reveals the "laxity and inefficiency" of some officers and personnel.

The report noted that on April 1, a day before Honasan's flight, the renegade soldier was seen sleeping with his boots on. And the following afternoon, he was seen with two Navy guards on duty, Carlinto Lanto and Pelegrino Seva, disembarking into a boat. The direct officers on duty, Nestor Sagun and Jose de Guzman, saw the group but just dismissed it, "thinking it was just a patrol inspection," the report narrated.

The Navy report also took note of their air patrol at the time of the mysterious escape. But it noted that no personnel of the Navy ship was responsible for it. "It was entirely done by Swag (Navy's elite special welfare group)," the report noted.

The 14 Navy personnel who helped Mr Honasan escape are all members of Swag.

The report further observed that the security became lax due to passage of time as it noted that the renegade soldier was allowed to eat all by himself and exercise from morning till afternoon after being barred from doing so at the start.

#### **Base Talks, Honasan Linked**

HK050905 Manila BUSINESS WORLD in English  
5 Apr 88 p 8

[By Ma. Gertrudes M. Chavez]

[Text] How much of the United States can be perceived from the recent escape of renegade soldier Gregorio "Gringo" Honasan?

Although the Armed Forces has, for the moment, ruled out the possibility of foreign intervention, it is not at all unlikely to assume otherwise. The basic link between the escape and the alleged "U.S. hand" is the on-going bases review, a top military official told BUSINESS WORLD.

The official who spoke on condition of anonymity said it has become apparent that the move to dismantle the bases is getting groundswell support not only from various cause-oriented groups but likewise from staunch nationalists led by no less than Foreign Affairs Secretary Raul Manglapus.

Although President Aquino has kept mum on the bases issue, saying that she will keep her options open until 1991, the appointment of Sec. Manglapus to the chairmanship of the Philippine panel in the bases review is more or less an indication of Government's stand.

With the escape of Honasan, the Philippines, the official stressed, has once again projected an image of instability. Added to this is the fact that his very security group joined him in his escape. This only serves to heighten two valid observations.

First, Honasan, for all his publicized notoriety, can still command a following. Second, contrary to claims that the AFP [Armed Forces of the Philippines] has consolidated its forces, the incident seems to confirm a divided military.

This being the case, it becomes inevitable to conclude that the incident has once again cast doubt on the AFP's competence as a defense force. Brig. Gen. Honesto Isleta, chief for civil/military relations, was quoted as saying that Honasan's escape is a laxity on the part of the military.

Although the arrest of top CPP [Communist Party of the Philippines]/NPA leaders was a reflection of the AFP's cohesive operations, it is not something extraordinary. It is only expected of a defense force to apprehend all enemies of the State.

The main point is, the official stressed, "If the AFP cannot control threats within the establishment, neither could it be expected to contain threats, much less aggression, from foreigners."

Herein lies the supposed "indispensability" of the bases which the U.S. would very much like to emphasize, he said. The bases are essential because the Philippines, in the perception of the U.S. cannot cope with both internal and external security.

The official believes the U.S. could use this as leverage in the coming bases review. The U.S. could even promise assistance in the search for the renegade soldier.

Further, the official alluded to alleged U.S. interference in the Aug. 28 coup try which resulted in the recall of military attache Col. Victor Raphael, a golf buddy of Honasan. It may be recalled that it was Col. Raphael who allegedly tried to persuade military authorities not to attack Honasan and his troops.

Investigations were also pursued by the Senate on the alleged involvement of John Singlaub, a known ultra-rightist who has advocated militarism as the only response to communism. Singlaub is the chairman of the World Anti-Communist League and had a hand in the Reagan administration's involvement in the Iran-Contra deal, the official added.



**Review of U.S. Bases Agreement Begins**  
*BK050901 Manila PNA in English in English*  
0734 GMT 5 Apr 88

[Text] Manila, April 5 (PNA-OANA)—The Philippines and the United States formally opened Tuesday the final review of the 1947 military bases agreement which expires on Sept. 16, 1991.

The first five-year review was in 1983 when both governments reached an agreement on a 900 million U.S. dollars five-year compensation package which took effect in 1985.

The current review, however, takes on a different atmosphere in that this year's event is under close scrutiny by the public, according to Secretary Raul Manglapus, head of the five-member Philippine panel.

During the last review, the public learned of the talks only after they had been concluded, Manglapus said in his opening statement at the Philippine International Convention Center (PICC), the review site.

That is not what is happening today, he said. The difference is democracy and that is what we seek to reinforce in this talks, he added.

Manglapus also noted that this year's talks coincides with the bicentennial year of American constitutional democracy and biennial year of the new Philippine democracy.

As we resolve our differences in the dramatic congruity of our mutual democratic celebration, I know that we can only predict for ourselves ultimate understanding and success, he said.

The five-member Philippine panel which Manglapus heads is expected to seek for a bigger compensation for the remaining two years in exchange for hosting U.S. military facilities, including a naval complex and an air force base in the central Luzon region north of Manila.

These two huge U.S. military facilities plus a host of other smaller installations project, U.S. military presence in the Asia-Pacific region. [sentence as received]

On the other hand, the U.S. panel, headed by Ambassador Nicolas Platt, would likely be fishing for clues as to what the Philippine Government intends to do with the U.S. facilities after 1991.

President Corazon C. Aquino has maintained that her options remain open, keeping the U.S. in the dark as to the fate of their bases when the 1947 military bases agreement expires.

**Manglapus Heads 10-Man Panel**  
*HK050455 Baguio City Mountain Province*  
Broadcasting Company in English 0330 GMT 5 Apr 88

[Text] The review of the Philippine-United States Military Bases Agreement, or MBA of 1947, started today at the Philippine International Convention Center. The review panels are made up of members of the Department of Foreign Affairs [DFA] and the Embassy of the United States. They started their daily activities at 10 am today. DFA officials said the bases agreement review is expected to last for 3 months. Heading the 10-man review panel are DFA Secretary Raul Manglapus for the Philippines, and Ambassador Nicholas Platt for the U.S.

Manglapus assured that the Philippines' national interests will be in the hearts and minds of every member of the Philippine panel. He said that during the bases talks and during the bases decision mn 1991, the Philippines, and we quote: shall never allow a dancing partner to embrace (?us) so tightly that our initiative is stifled and our dignity is lost.

**Aquino Fails To Comment on Manglapus Statement**  
*HK041008 Manila THE MANILA CHRONICLE*  
in English 4 Apr 88 p 4

[“Between the Eyes” column by Francisco de Leon: “Manglapus testing the waters on bases issue”]

[Text] When Foreign Secretary Raul S. Manglapus delivered a speech before the Philippine Council of Foreign Relations last week, he announced the government stand on the bases question.

As the spokesman on foreign affairs, Manglapus reflects the Government position on any international issue unless disowned by the President. So far, the President has not altered Manglapus's views.

Manglapus' main points were:

1. The bases are part of a 90-year old U.S. global strategx not for the defense of the Philippines but to accommodate the United States plans and
2. Our military and financial needs must be considered in the review of the bases questions with the United States.

In short, we will consider the extension of the bases treaty after we have secured the “rectification of those absolute and relative imperfections in the agreement and in our relationship to permit us to speed our recovery as well as regain some of the dignity that history took away from us.”

This has been our reading of the Government position ever since the bases question started cropping up.

The brouhaha over whether to extend or terminate the bases treaty is the usual sound and fury of our politicians whenever important Philippine-U.S. bilateral issues are scheduled to be discussed.

Of course, the cause-oriented groups have a standard demand—to end the era of American imperialism. They are quick to support their nationalist posture with street activism.

The U.S. has been giving us aid not rent for the use of the Philippine baselands that comes up to \$180 million annually or \$900 million in five years.

The amount in rental or aid must be rectified because by offering the U.S. the accommodation of hosting their facilities in the country "we have saved that country (America) U.S. billions, tens, perhaps hundreds of billions of dollars that would have to be spent to replace the facilities with additional carrier battle groups and communication establishment," Manglapus said in his speech.

It is clear we are asking for an increase in rental payments in amounts that could help accelerate the pace of our economic recovery.

It is doubtful whether President Aquino will revise the posture of her foreign secretary. She has already indicated the need for American military presence in Southeast Asia to balance Soviet expansionism in this part of the globe in her speech delivered during the 3rd Asean summit.

However, she has said she wanted to keep her options until 1991 and in the meantime, her foreign secretary has been leaking out the government posture to test public reaction to it.

President Aquino had, in the past, repudiated statements issued by Cabinet members when they weren't well received by the people.

So far, the President has not commented on Manglapus' speech before the Philippine Council of Foreign Relations.

**American Chambers of Commerce Favors Bases**  
*HK041154 Manila BUSINESS WORLD in English*  
4 Apr 88 p 10

[Text] The Asia-Pacific Council of American Chambers of Commerce (APCAC) is in favor of retaining the U.S. military bases in the country because of the vital role of these bases not only in maintaining a "necessary balance of power" but also with regard to investment, trade and commerce in the Asia-Pacific region.

A resolution introduced by the delegation from the Philippines stated that APCAC "fully supports negotiations between the Philippines and the U.S. and is in

favor of the conclusion of such negotiations whereby the military facilities will be retained because of their importance not only in maintaining a necessary balance of power ... but also the vital role that (these bases) will continue to have with regard to investment, trade and commerce in the Asia-Pacific."

A resolution, presented in the 39th APCAC semi-annual meeting held in Guam last March 23-26, requested governments hosting U.S. investments to extend reciprocal land ownership rights to American firms and individuals requiring real property to support their investments. In cases where land lease is the only viable alternative to real property acquisition, the council urged host governments to permit land occupancy of 50 years minimum and preferably 99 years at a predictable cost throughout the lease contract. APCAC also asked the U.S. government to include reciprocal land ownership rights in appropriate bilateral treaty negotiations.

The council noted that American business continues to be excluded from "free and equal competition" in goods and services in many Asia-Pacific countries. APCAC called on the U.S. government to implement "immediate and strong measures" to liberalize and equalize international trade and provide fair market access.

The American Chamber of Commerce of the Philippines, in response to APCAC's resolution to disseminate information on the economic and social contribution of multinational corporations (MNC) to host countries, distributed its third annual "Corporate Audit" which features the contributions of American MNCs to the local economy.

**Grace Period for Bases Pullout Suggested**  
*HK040550 Quezon City Radyo ng Bayan in Tagalog*  
0400 GMT 4 Apr 88

[Text] A Foreign Affairs official has proposed the inclusion in the scheduled bases agreement review this week of a proposal to give the United States a grace period of 10 years in case the agreement is not renewed.

According to the official, who refused to be named, the transfer elsewhere of the bases from Zambales and Pampanga will take 10 years. The grace period would also enable the Philippines to improve its economy.

Meanwhile, Enrique Esteban of the Center for Research and Communications said the U.S. bases pullout should be accomplished within the next 10 or 15 years to not adversely affect the country's economy.

**Senator Suggests Return of Clark Land**  
*HK040324 Quezon City Radyo ng Bayan in Tagalog*  
0200 GMT 4 Apr 88

[Text] Senator Wigberto Tanada says that 47,000 of the 52,000 hectares of land occupied by Clark Air Base will be returned [ibabalik] to the government because it is not

actually being used by the U.S. Government. Tanada said the land has been used for bombing practice by U.S. Air Force jets and could be turned over to landless farmers under the Comprehensive Agrarian Reform Program. He said the government should ensure that this matter is included in the upcoming talks involved in the review of the Republic of the Philippines-U.S. Military Bases Agreement.

Tanada suggested that the U.S. Air Force conduct its practice bombings in the United States itself.

#### **Base Workers Protest Abolition of Posts**

*HK021008 Manila Far East Broadcasting Company  
in English 0400 GMT 2 Apr 88*

[Text] Filipino workers in American bases in the country are asking for the deletion of a substantial promotion of the so-called agreed minutes in the Bases Labor Agreement, or BLA. [sentence as heard] They claimed that this has nullified whatever pro-labor provisions the accord carries.

Roberto Flores, president of the Federation of Filipino Civilian Employees Association, or FFCEA, at Clark Air Base and Subic Naval Base, said that in applying the BLA provision on preferential employment over the years, U.S. base authorities have made the hiring of Filipinos to fill the needs of U.S. bases facilities an exception. The FFCEA position paper claims that U.S. authorities abolished positions under the guise of reorganization, only to resurrect them later and fill them with Americans.

#### **Aquino's Itinerary of PRC Trip Revealed**

*HK051123 Manila Radio Veritas in Tagalog  
0700 GMT 5 Apr 88*

[Text] Malacanang has officially announced President Aquino's scheduled visit to China.

On 14 April, President Aquino will go to Xiamen, China, where a special economic zone is located and where she will be met by the Fujian provincial governor. From Xiamen, President Aquino will proceed to Hungjian village where she will get acquainted for the first time with her relatives. It will be recalled that one purpose of President Aquino's trip to China is to trace her ancestral roots. She will meet with her relatives in Hungjian village and from there she will go to the capital city of Beijing on 15 April.

Here is the report on the president's itinerary from Press Secretary Benigno.

[Begin recording in English] On Friday, April 15, the presidential delegation departs for the Great Hall of the People. After the welcome ceremonies, which take place before the Great Hall of the People, there will be a courtesy call on the president of the People's Republic of China, after which there will be talks with the Premier of

the State Council—again I cannot mention names because those names that are now, which may I call incumbent, may be replaced later on. [sentence as heard]

Then, she will have a private lunch and afterwards they depart as a delegation to the Palace Museum or the Forbidden City—it is no longer called the Forbidden City because entrance is no longer forbidden. It is now called the Palace Museum. After the visit to the Palace Museum, or the Forbidden City, the presidential delegation departs for the Great Wall of China. However, some of you might be compelled to wait in Beijing because something important will start at 2 o'clock in Beijing at the Diaoyutai Guest House, which is the talks between the foreign ministers of the Philippines and China, namely Raul Manglapus and whoever is the foreign minister.

I will remain in Beijing. I will not go to the Great Wall, I will cover the talks between the two foreign ministers.

Afterwards, the presidential delegation returns to the guest house early evening, and after suitable preparations, they depart to the Great Hall of the People where there will be a banquet.

The next day, April 16, Saturday. After breakfast there is a possible meeting with the great man himself, Deng Xiaoping, the architect of modern China, whose exact designation is chairman of the Military Commission of the Central Committee of the Communist Party. Normally, meetings with Deng Xiaoping are never announced, after meetings with Mao Zedong previously. [sentence as heard] They are never announced in advance. The call will just come and the visitor, whoever he might be, will be asked to go to the meeting place.

After the meeting with Deng Xiaoping, the president will hold a press conference at the Great Wall of the People before the international press community that includes, of course, the accompanying press delegation.

I was able to talk to the president of the Foreign Correspondents' Club on our advanced visit and they told me that the Foreign Correspondents Club of China is tremendously interested in the president's visit. We were told by many officials that the presidential visit was much anticipated by the media of the People's Republic of China.

After the press conference, the Chinese president bids farewell to the president and her delegation at the Great Hall of the People. Then, the presidential party departs for Hong Kong.

I don't know how we have arranged it, I think we would have a plane departing for Hong Kong where I think we will all find a seat.



And we expect to arrive in Hong Kong in the evening. There will be a banquet hosted by the Trade Development Council and the Philippine Association of Hong Kong.

On April 17, Sunday, there will be a late morning mass at St Margaret's Church on Hong Kong side. It will hold a standing capacity—I don't know—about 2,000 people. There will be an overflowing capacity. I am sure there will be thousands more [words indistinct]. After lunch, the president might do some shopping. [end recording]

The presidential entourage accompanying the president includes the Secretary of Foreign Affairs Raul Manglapus, Ambassador Alfonso Yuchengco, Philippine ambassador to China, Trade Secretary Jose Concepcion, Labor and Employment Secretary Franklin Drilon, Agriculture Secretary Carlos Dominguez, and Natural Resources Secretary Fulgencio Factoran Jr.

**Communist Power Struggle Linked to Arrests**  
*HK041202 Manila BUSINESS WORLD in English*  
4 Apr 88 p 4

["On the Other Hand" column by Antonio C. Abaya: "Has the Military Turned the Tide?"]

[Text] President Aquino cannot be blamed if she waves ecstatic over the capture last week, on the 19th founding anniversary of the NPA yet, of some of the biggest fish in the CPP [Communist Party of the Philippines]/NPA. She exclaimed that "the arrest clearly demonstrates that we have turned the tide and are winning the war against communist insurgency ..."

It is indeed a major victory for her government and President Aquino deserves congratulations for it. So do Defense Secretary Fidel Ramos, AFP [Armed Forces of the Philippines] Chief-of-Staff Gen. Renato de Villa and, most especially, the men who did the actual tracking down and arresting: Maj. Gen. Ramon Montano and his men. Well done, and may you have many more victories.

It is also commendable that the generals have refrained from making boastful and premature claims of victory. They realize that though they may have won a major battle, they have not yet won the war. This speaks well of their keen grasp of the situation.

Maj. Gen. Montano said that the arrests set back the insurgency but doubted that it would break the back of the rebel movement. "The CPP/NPA is not organized that way ..."

Brig. Gen. Rodolfo Biazon categorically said the new arrests "do not mean victory over the insurgency. We are fighting an idea ..." implying that the only way to defeat that idea is to offer a better idea. Merely capturing some of the main proponents of that idea does not kill the idea.

The capture "would lead to serious dislocations in the CPP structure," as Gen. de Villa has said, but I would estimate that in three to six months, the CPP would be able to recover from that dislocation and would be able to resume the armed struggle on the same level as before.

Unless the AFP follows up this major coup with more surgical strikes, not so much against the NPA field units as against the revitalized CPP/NPA command structure, "before the rebels could get their act together," as Gen. Biazon has said the AFP would.

I am writing this on the morning of Good Friday. No doubt investigative reporters will, in the next few days, piece together the inside story of this major victory of the AFP. A hint may have come from Gen. de Villa, who commented that the rebels "cannot stay in the urban areas because more people are now supporting the AFP and the government ... The life support system of the CPP in the urban areas is not sufficient for the Communist leaders to survive in the cities ..."

This suggests that the CPP/NPA leaders were betrayed by military informers or disaffected members in the inner circle of the rebel movement. The fact that the reward for their capture was increased by 25 percent, only two days before the actual capture, suggests the informer/s or betrayer/s was/were haggling for a bigger bounty before giving the desired information.

A further indication of betrayal by an insider is the way Romulo Kintanar, alleged chief of the NPA, was identified after he had successfully passed himself off as one Mario Asuncion, a car buyer. According to Gen. Montano, Kintanar "was positively identified in a confrontation with a former colleague in Camp Crame ..."

One observer has floated the suspicion that the main betrayer may have been none other than the alleged CPP central committee chairman himself, Benito Tiamzon, who conveniently eluded capture "by only a few hours." It has not been explained why Tiamzon's Fairview hiding place was not raided until 13 hours after the San Juan safehouse was raided.

It is an open secret that the CPP/NDF/NPA leadership has been racked by growing rivalries, personality conflicts, and major differences of opinions, and betrayal by an insider cannot be ruled out. This would be in the worst Magdiwang Magdalo tradition of Philippine revolutionaries.

This major victory adds enormously to the strength, stability and prestige of President Aquino and her government. It has—for the time being, at least—practically decapitated the insurgency.

But it is a Hydra-headed monster that will soon grow new heads. To permanently destroy the insurgency, the Aquino government must neutralize its mass base, and this is possible, not through military action, but through the exercise of ideological politics.

President Aquino should also be forewarned that even as she rightfully celebrates this victory, the human rights lawyers in Malacanang, in Congress and in the cause-oriented fronts will be plotting how to have the captured leaders released from detention.

In a few days or weeks, there will be well-orchestrated charges of human rights violations. NDF support groups abroad will launch a "Free the Detainees" campaign. There will be pickets around Philippine missions abroad, hunger strikes by nuns and priests, *welga ng bayan* [National strike] by Bayan [Bagong Alyangang Makabayan—New Nationalist Alliance] and the KMU [Kilusang Mayo Uno—1 May Movement], student demos against fascism, sanctimonious pronouncements from Amnesty International, maybe one or two plane hijackings.

Lenin's Useful Fools in media will pick up the clamor for the freedom of these "nationalists" whose only crime is their uncompromising stand against U.S. imperialism. It is not expected that President Aquino will fall for this line again.

### Figures Reveal Military's Edge Over Guerrillas

HK021030 Manila THE MANILA CHRONICLE  
in English 2 Apr 88 p 8

[By associated editors]

[Text] If military statistics are a gauge of how the Government is faring against communist rebels this year, then the Armed Forces is having its share of good luck in the lunar Year of the Dragon.

Reports from Camp Aguinaldo show that the AFP [Armed Forces of the Philippines] has been ahead in the death ratio since January up to March 21, with "significant...reduction in civilian fatalities for February and March 1988."

The total number of deaths from January to March 21, 1988 was 905, of whom 412 were members of the Communist Party of the Philippines [CPP] or the New People's Army. Some 255 government soldiers died in encounters and ambushes during the same period, with civilian dead numbering 238.

In January, according to the military's public information office, the AFP-CPP/NPA death ratio was 1:1.8. February had a slight decrease, with 1.5 communists killed for every soldier who died. The first three weeks of March had the same ratio.

"These ratios are significant (because) they show improvements over the 1987 average AFP to CT (communist terrorist) fatality ratio of 1:1.2, indicating an improved combat efficiency of the AFP," reports Captain Eric Javier of the Intelligence research Development Center.

Some 11.17 persons were killed daily in the first three months this year in insurgency-related incidents, which average 10.21 a day. Of the daily casualty rate, 5.09 were CPP-NPA rebels, 3.15 government soldiers and 2.94 civilians.

This daily death rate is significantly higher than last year's total 10.44—4.66 CPP-NPA, 3.03 AFP and 2.75 civilians.

Among the areas with the highest casualties, Region 6 (Aklan, Antique, Capiz, Iloilo, Negros Occidental) had an AFP-CPP/NPA ratio of 1:1.6, higher than the national average of 1:1.2 in 1987. A total of 117 were killed in the region—65 civilians, 32 CPP-NPA and 20 AFP.

Region 2 (Batanes, Cagayan, Ifugao, Isabela, Kalinga-Apayao, Nueva Vizcaya and Quirino) had a slightly lower ratio of 1.4 CPP-NPA killed for every AFP soldier, despite having the highest casualties (148) this year. Of this, 72 were from the CPP-NPA, 23 civilians and 53 AFP.

Region 8 (Leyte, Northern Samar and Samar) had a highly favorable ratio for the AFP, 1:4—better than the 1987 average and even the 1988 average of 1.6. "Nevertheless, the region reflected a relatively high civilian fatality rate," says Javier. Fifty-six persons were killed in the region—28 civilians, 24 CPP-NPA and 4 AFP.

Considered a "rather successful" region in the counter-insurgency war, Region 5 (Albay, Camarines Norte, Camarines Sur, Catanduanes, Masbate and Sorsogon) had a military to insurgent death ratio of 1:2.4. Of the 115 persons killed in the region, only 15 were civilians; the main bulk (71) were CPP-NPA and 29 AFP.

The average daily number of violent incidents, 10.21, is an increase from last year's 8.54, but it still lower than 1985's 10.62. A total of 827 incidents were recorded in the first three months of this year.

Of the 1988 total, communist rebels engaged in "terrorist activities" at an average of 4.85 times and engaged AFP soldiers in 1.51 battles a day. The AFP initiated 3.85 combat-encounter incidents a day.

From January to March 21, 1988, the regions with the most number of violent communist-related incidents were 6 (179), 2 (98), 5 (97) and 8 (79).

Region 6 had a high number of communist terrorist activities (116), CPP-NPA-initiated combat encounters (15) and some 48 AFP-initiated encounters.

Region 2 had 40 CPP-NPA terrorist activities, 24 insurgent-initiated combat encounters and 34 military-initiated.

Region 5 had the AFP with more initiated combat encounters at 56, the CPP-NPA with 34 terrorist activities and 7 initiated combat encounters.

Region 8 had the AFP ahead of the insurgents with 33 initiated combat encounters, answered only by 6 from the CPP-NPA. The insurgents, however, made up for this with 40 terrorist incidents.

The CPP-NPA, Javier notes, may be reasonably expected to avoid any direct and prolonged confrontation with the military.

### Communists Said To Face Setback

BK021314 Hong Kong AFP in English 1122 GMT  
2 Apr 88

[Text] Manila, April 2 (AFP)—The arrests of three top Philippine communist leaders have set back the insurgency three years and derailed rebel plans to reach a "strategic stalemate" by 1990, the military said Saturday.

The arrests Tuesday of Communist Party of the Philippines (CPP) number two Rafael Baylosis, New People's Army (NPA) chief Romulo Kintanar and CPP Central Committee member Benjamin de Vera have created a vacuum in the leadership, the military said in a statement.

The vacuum "decapitated the party machinery" that directs both military and political work and "set back the three-year program of the CPP to attain the strategic stalemate phase of the people's war in 1990," it added.

The stalemate stage, according to CPP-NPA terminology, involves rebel control of fixed territory and large-scale open clashes parting from the usual guerrilla hit and run tactics. Before the arrests, the CPP-NPA said it was on the threshold of this stage.

The military said that while the leadership of the lower-level organizations "remain intact it is the assessment of (Armed Forces) analysts that it would take another three years before the (CPP-NPA) could replace the quality of leadership and breadth of contacts earned by the captured leaders."

The impending reorganization of the CPP leadership was expected to be "a hasty selection of leaders" which could "widen the rift" between two contending factions of the movement, the military said.

Military experts have detected a "recent shift" in the rebels' strategy and tactics, dumping the Maoist line of thought of encircling cities in favor of "urban insurrectional warfare" in order to gain backing from the Soviet bloc, the statement said.

But this line has "proved to be disastrous," it added.

Meanwhile, an insurgent group allied with the CPP has threatened to "punish" congressmen and landlords who opposed land reform.

The National Union of Peasants (PKM) said in a statement to news organizations Saturday that Filipino farmers had "lost the fight in congress," which passed two bills seen by critics as watered-down versions of reform.

President Corazon Aquino, who declared the country under land reform last year, can approve or veto the agrarian reform bill that would be consolidated from the two measures after the Easter holidays.

"Let no one think that the battle is over," said the PKM statement. "We in the PKM are more than ever determined to win the fight for genuine land reform and to hasten the downfall of this regime."

The PKM, along with the CPP, NPA and other groups, comprise the National Democratic Front.

It said that in the next six months it will confiscate more landlords' properties and "punish" those opposed to land reform, including those "honorable gentlemen in the congress."

"The Filipino farmer and the Filipino people have nothing to fear because they have the wholehearted support of their own army, the New People's Army," it added.

### PC Ordered To Intensify Campaign

HK041026 Manila MANILA BULLETIN in English  
4 Apr 88 pp 1, 17

[by Leon M. Manipol]

[Text] Constabulary Chief Maj. Gen. Ramon Montano has directed PC intelligence operatives to intensify the campaign against New People's Army (NPA) infiltrators and agitators, particularly in the students' ranks and labor groups.

Montano's action was prompted by reports that the communists and the NPA's continue to infiltrate and agitate various student and labor groups to go against the government.

In a directive to Col. Gerardo Flores, PC intelligence chief, Gen. Montano, at the same time, asked the PC intelligence operatives to keep an eagle eye on the communists who may have infiltrated the Marcos loyalists groups.

The student, labor and the loyalists groups now appear as favorite target of communists infiltrators and agitators, it was reported.



The Kilusang Mayo Uno (KMU) which led strikes in different factories and business establishments, some of them still on going, was specifically tagged as one of the labor groups allegedly infiltrated by the communists it was learned.

Even the media has been infiltrated by the communists, reports reaching Montano showed.

Reacting to Montano's directive, Col. Flores immediately organized several teams which would counteract and arrest of the communists infiltrators. Meanwhile, the Laguna-Rizal Metro Manila Press and Radio TV Association Inc. (LAM-PARA) has endorsed to Gen. Montano the appointment of Lt. Col. Enrique Atanacio as PC provincial commander of Rizal or any Southern Tagalog province in connection with the ongoing PC reorganization.

In endorsing Col. Atanacio, the press association cited the colonel's credentials as a combat officer and as civil relations and civic action expert.

#### **NPA Said Driven Out of 19 Albay Barangays**

HK050859 Manila PHILIPPINE DAILY GLOBE  
in English 5 Apr 88 p 3

[Text] Polangui, Albay (NPA)—Peace and order has been finally restored in 19 upland barangays here, once the battleground of government and communist guerrilla forces.

At least 4,138 evacuees who fled to safer areas in the town are about to return to their respective barangays and rebuild a new life.

Polangui Mayor Rafael Lo now orchestrates the transport of the refugees back to their homes.

"The military has assured us that the refugees will no longer be molested by rebels," Lo said.

But Lo said the evacuees cannot just be transported back to their homes without ample assistance from the government. "These evacuees need more assistance in rebuilding their homes mostly destroyed by typhoons last year and little cash and planting materials to gain momentum in agriculture," Lo said.

According to Lo, the municipal government of Polangui has already allocated at least P500 for each of the family returning to their barangays.

Lo said the Department of Social Welfare and Development (DSWD) will be extending separate amounts for the shelter assistance of the evacuees plus a loan under the self employment assistant program.

DSWD welfare assistant Arcel Yoira said the loan will be used by the returning evacuees to start an income generating project out of skills they learned in the evacuation center.

Yoira said there are 1,401 evacuees who are completely dependent on the food rationing of the DSWD. These evacuees consume 22 sacks of rice every four days given by the government and the Red Cross along with a considerable amount for other food expenses. Albay Constabulary Commanders Lt. Col. Reinerio Albano recommended the return of the evacuees to their abandoned barangays which were turned into "killing fields" during the height of the insurgency problem in the area.

#### **CPLA-NPA Fighting Sparks Evacuation**

HK021012 Manila Far East Broadcasting Company  
in English 0400 GMT 2 Apr 88

[Text] Some 34 Kalinga families have evacuated to safer ground after the Cordillera People's Liberation Army [CPLA], a splintered armed group in the Northern Luzon upland region, launched retaliatory operations against the communist-led New People's Army. Twenty-nine families from Boscalan and five families from Nibak, two villages in Tinglayan, Kalinga-Apayao, took refuge in Balbalag, Liwan, a village near the Cagayan-Kalinga border.

The tribal exodus started after CPLA troops led by Sagmayao Apag alias Comrade Sulong, a close aide of CPLA chief Conrado Balweg, conducted operations on March 9 against the NPA in Boscalan and Nibak.

A CPLA official said fears of economic dislocation, harassment, and killings have forced the villagers to evacuate en masse.

#### **Japan Agrees To Reschedule Loan Repayment**

HK021018 Manila Far East Broadcasting Company  
in English 0400 GMT 2 Apr 88

[Text] Japan has concluded an agreement with the Philippines to reschedule Manila's foreign debts. Government sources said yesterday that under the agreement, Japan will cut interest rates on loans of 70 billion yen, or about \$560 million, from 8 to 6 percent. Japan will also reschedule repayment of these loans, mostly those contracted with Japan's Overseas Economic Fund or Export Import Bank, for 10 years, including a 5-year grace period. The two countries have been negotiating on the rescheduling since a meeting of the Paris Club creditor nations in July.

### **Thailand**

#### **U.S. Interest Section in SRV Opposed**

BK050125 Bangkok BANGKOK POST in English  
5 Apr 88 p 3

[Excerpts] Thailand strongly opposes any moves in the US Congress to establish an "interest section" in Vietnam, Foreign Minister Sitthi Sawetsila said yesterday.

ACM [Air Chief Marshal] Sitthi clarified the Thai position during talks with visiting US Senator Larry Pressler, a member of the Senate Foreign Relations Committee.

Foreign Ministry spokesman Sarot Chawanawirat said the issue emerged after Mr Pressler (Republican, South Dakota) asked ACM Sitthi what he thought of moves in Congress for the US to establish an interest section in Hanoi. [passage omitted]

ACM Sitthi told Senator Pressler that the motion would "send the wrong signals" to Vietnam.

Thailand fully understands US concerns over Americans missing in action, the foreign minister said.

But he added that attempts to resolve the issue could be done without establishing an interest section.

Establishing an interest section would have political repercussions on present attempts to maintain economic and diplomatic pressure on Hanoi to withdraw from Kampuchea, he said.

This pressure should continue, ACM Sitthi said, adding that an interest section would have a "negative effect" on these attempts.

Such a move could be viewed by Vietnam and other countries as the US paving the way for political contacts with Hanoi even before the Kampuchean problem is solved.

Mr Sarot said the foreign minister also disagreed with proposals that Khmer Rouge leader Pol Pot be tried in his absence for actions in Kampuchea.

Moves in the US at this time would jeopardise efforts to force Vietnam to withdraw its troops, ACM Sitthi said.

Mr Sarot said this does not mean Thailand condones what Pol Pot did in Kampuchea, nor does it want to see the Khmer Rouge return to power should there be national reconciliation.

China, the main supporter of the Khmer Rouge, has even said it does not want to see the Khmer Rouge return to power, he said.

Mr Sarot said that as a result of nine years of military pressure, the Vietnamese are now talking about a troop withdrawal.

Hanoi has said it would withdraw from Kampuchea by December 31, 1990.

The main reason the Vietnamese are feeling the pressure are the operations of the Khmer Rouge, Mr Sarot added.

The Thai position on this issue is that it is a question of timing, he said.

Mr Sarot said countries calling for a trial of Pol Pot should analyse the situation carefully.

**Spokesman Sees 'No Use' in Talks With Laos**  
*BK050117 Bangkok BANGKOK POST in English*  
5 Apr 88 p 2

[Excerpt] Thailand sees no use in holding a third round of talks with Laos to settle the border problem as long as Vientiane declines to reply to Thai proposals, Foreign Ministry spokesman Sarot Chawanawirat said yesterday.

His remark came when asked to comment on Lao Ambassador to Thailand Khamphan Simmalavong's statement that Laos was awaiting Thailand's invitation for a third round of talks in Bangkok after a deadlock in the second round in Vientiane.

"Thailand has put forward its proposal in two letters from the Government to Vientiane. So far Laos has given no replies," said Mr Sarot.

In the letters, Thailand proposed setting up a joint border committee to verify and demarcate the border line, and establishment of a joint Thai-Lao cooperation committee based on a 1979 Joint Thai-Lao Communiqué signed by former Prime Minister Kriangsak Chamanan and Lao Prime Minister Kaysone Phomvihane.

Mr Sarot said Thailand wants to see progress on this matter before holding further talks.

"If the two sides are persistent in their present stands, then there is no use to resume the talks," he said. [passage omitted]

**Soviet Justice Minister on Bilateral Ties**  
*BK050127 Bangkok THE NATION in English*  
5 Apr 88 p 3

[By Sinfa Tansarawut]

[Excerpts] Soviet Justice Minister Boris V. Kravtsov said more contact between Soviet and Thai people would require bilateral treaties to facilitate their cooperation.

He said the Soviet Union and Thailand can learn from each other's justice systems despite different political ideologies.

However, there is no need at the moment for a bilateral treaty on legal affairs, Kravtsov said Sunday in an interview with THE NATION.

Kravtsov is the first Soviet justice minister to visit Thailand since the Russian Revolution in 1917. During his visit, which began March 28, he has held talks with Justice Minister Sa-at Piyawan and senior Supreme and Appeals courts judges.

The Soviet minister said Sa-at has accepted an invitation to visit the Soviet Union at a later date.

Kravtsov noted that legal officials of the two countries have been exchanging visits. [passage omitted]

The Soviet minister said some Thai justice officials noticed that the Soviet system of placing courts for prosecuting military officers under the Justice Minister is better than the Thai system, in which such courts are part of the Defence Ministry.

He said he's learned from Thai officials the way to deal with drug addicts and how Thailand cooperates with foreign countries to cut narcotics production and trafficking.

The major drug problem among Soviets is marijuana, and Soviet authorities are increasingly concerned about drug abuse among the youth, Kravtsov said.

**Indonesian Foreign Minister Arrives in Bangkok**  
*BK050115 Bangkok THE NATION in English*  
5 Apr 88 p 1

[Excerpt] The new Indonesian foreign minister assured Thailand and other ASEAN countries that the planned informal meetings in Jakarta to solve the Kampuchean problem have not lost their relevance.

Ali Alatas, who replaced Foreign Minister Mokhtar Kusumaatmaja late last month, arrived in Bangkok yesterday evening to carry out the traditional practice of visits by new appointees to pay respect to senior colleagues in other ASEAN countries.

Alatas, 55, thanking the Foreign Ministry and Thai government for agreeing to receive him on such short notice, said a number of things were awaiting him in Jakarta which would make it impossible to come at any other time in the near future.

Alatas, who served five and a half years as Indonesia's ambassador to the United Nations, said he would like to assure other ASEAN members that Indonesian foreign policy is one of "dynamic continuity and consistency, both in its principles and in its basic purposes." He said this also applies to the policies and the programmes ASEAN members have developed so well together.

When asked if he has any plan or any new venue for dialogue with Hanoi to settle the Kampuchean problem, Alatas said ASEAN has always tried to contribute to a solution—not to dictate any solution.

Indonesia continues to think that an informal meeting, of the kind ASEAN members agreed upon, remains relevant, he said.

Alatas said he has read newspapers accounts of a Vietnam-Philippines agreement not allow [as published] their countries to serve as a hostile foreign base, and that the two sides agreed that any problems that may arise should be settled peacefully.

"I think that is very much along the lines of what we hope to build up within Southeast Asia," he said. "The conflicts should always be solved with peaceful and political negotiations and not by force or military means."

Alatas was greeted upon his arrival by Foreign Minister Sitthi Sawetsila, senior Thai officials and Indonesian officials. [passage omitted]

**Soldier Wounded in Clash With Vietnamese**  
*BK050123 Bangkok BANGKOK POST in English*  
5 Apr 88 p 3

[Text] Aranyaprathet—A soldier was wounded in 20-minute clash with Vietnamese troops at a Ta Phraya district border stretch yesterday.

The military said Pvt Suchin Phuaknarin was shot in the head during the afternoon clash which followed a Vietnamese ambush in Ban Nong Chan, Tambon Khok Sung.

Pvt Suchin, 23, who was with task force 213, was rushed at the Surasinghanat Military Camp hospital in Muang district.

Fresh fighting between Khmer Rouge guerrillas and Vietnam-backed Heng Samrin troops erupted along the border in Kampuchea yesterday. The fighting, with heavy weapons, began at 7.30 a.m. and continued until the evening.

Some 200 82mm mortars, 105mm artillery and recoilless rifle rounds were fired across the border and thumped down near Ban Khao Din, 40 km south of Aranyaprathet.

The firing stopped when Government forces fired some smoke shells as warning shots. No casualties were reported.

**Vietnam**

**Visit of U.S. Congress Delegation Reported**  
*BK050743 Hanoi VNA in English 0709 GMT*  
5 Apr 88

[Text] Hanoi VNA April 5—A delegation of the Armed Services Committee of the U.S. House of Representatives led by Gillespie V. Montgomery, (D. Miss.), chairman of the Committee of Veterans' Affairs, on April 4 concluded a two-day visit to Vietnam.

The delegation included William L. Dickinson (R. Ala) and his wife, Robert Badham (R. Calif.) and his wife, Vincente Blaz (R. Guam) and his wife, Robert Meeven (R. Ohio) and his wife, Tam Ethridge, rear-admiral, and Will Tandersley, rear-admiral (retired), and others. The delegation was received by Nguyen Co Thach, vice chairman of the Council of Ministers and minister for foreign affairs.



It had an exchange of views with Deputy Foreign Minister Tran Quang Co on questions of mutual concern.

#### **Hindrance of Spratlys Rescue Efforts Reported**

*BK051128 Hanoi Domestic Service in Vietnamese  
1107 GMT 5 Apr 88*

[Text] At 1235 [0535 CMT] on 4 April 1988, while carrying out its task of rescuing Vietnamese sailors from freighters sunk by China on 14 March at the Sinh Ton group of islands of Vietnam's Truong Sa [Spratly] Archipelago, Vietnamese rescue ships "Dai Lanh," No 462, and No 614 were encircled and threatened by Chinese ships Nos 854, 511, and 513. This prevented the Vietnamese rescue ships from conducting their normal activities and carrying out the rescue of the Vietnamese freighters and missing personnel.

On 5 April, Nguyen Phuong Vu, head of our Foreign Ministry's China Department, received Chinese Embassy Counselor (Tran Tang Lam) and handed him a letter addressed by First Deputy Foreign Minister Dinh Nho Liem to Chinese Ambassador Li Shichun. In his letter the deputy foreign minister affirmed: This was a serious provocative act at variance with the pledge made by you on 17 March 1988 at our meeting that China would not obstruct Vietnam's rescue activities. The Vietnamese side resolutely demands that the Chinese side put an immediate end to all its acts that prevent Vietnamese ships from rescuing the missing personnel and salvaging the sunken ships.

#### **Soviet Envoy Backs Negotiations With PRC**

*BK051030 Hanoi International Service in English  
1000 GMT 5 Apr 88*

[Text] Soviet Ambassador to Vietnam Dmitriy Kachin highly values and supports the just stand and goodwill of Vietnam in solving territorial disputes with China through negotiations in conformity with the current trend.

The ambassador voiced the Soviet Union's support at a reception given in his honor by First Deputy Foreign Minister Dinh Nho Liem on 5 April. Ambassador Kachin affirmed the consistent support of the Soviet party, government, and people to the cause of socialist construction and the struggle for national independence, sovereignty, and territorial integrity of Vietnam.

Mr Dinh Nho Liem took the occasion to express Vietnam's gratitude for Soviet support. Deputy Foreign Minister Dinh Nho Liem and Ambassador Kachin also compared notes on continued measures to promote joint diplomatic moves to consolidate peace, stability, and cooperation in Southeast Asia, Asia, and the Pacific.

#### **Spratly Dead Eulogized at Memorial Service**

*BK041321 Hanoi Domestic Service in Vietnamese  
1100 GMT 4 Apr 88*

[Text] A Voice of Vietnam correspondent based in Nha Trang reported that, at the 2 April Square on 3 April, the party Organization's Executive Committee, the People's Committee, and the VFF Committee of Phu Khanh Province; representatives of the various sectors and mass organizations; and more than 10,000 people and Armed Forces members in the province held a memorial service for the combatants who valiantly gave up their lives on 14 March 1988 in defense of national sovereignty in the Truong Sa [Spratly] Archipelago, the fatherland's sacred territory. A number of soldiers who had taken part in the fighting at Truong Sa attended the ceremony.

Comrade Vo Hoa, deputy party secretary and chairman of the People's Committee of Phu Khanh, read a eulogy expressing the deep feelings of the local cadres and people for the heroes who had fallen at Truong Sa on 14 March. Among the martyrs were Phu Khanh Province's sons and daughters. Comrade Vo Hoa denounced the Chinese authorities' insidious schemes and criminal moves at the Truong Sa Archipelago, terming China's acts on 14 March an outrage against Vietnam's sovereignty and territorial integrity. He appealed to the local Army and people to translate grief into revolutionary action by motivating their children to fulfill their military obligation and constantly remain on the alert to smash all schemes and acts of aggression of the enemy.

Comrade Rear Admiral Le Van Xuan, the Navy's deputy political commander, reaffirmed the resolve of cadres and combatants at Truong Sa as well as in the entire People's Navy to readily accept all hardships and sacrifices to firmly defend Truong Sa, the fatherland's sacred territory.

#### **Envoy Reaffirms Sovereignty Over Spratlys**

*BK041524 Hanoi VNA in English 1458 GMT  
4 Apr 88*

[Text] Hanoi, VNA April 4—The Vietnamese ambassador in Bangkok on April 4 reaffirmed Vietnam's sovereignty over the Hoang Sa and Truong Sa Archipelagoes.

Commenting on the March 31, 1988 statement of the Chinese ambassador in the Thai capital which distorted the issue of the two archipelagoes, Vietnamese Ambassador Le Mai reiterated Vietnam's persistent, just stance and good will to settle disputes by means of negotiation.

Le Mai recalled that Vietnam has proposed for talks with China and that, while waiting for the latter to come to negotiation, the two sides should not use force to settle disputes and avoid conflicts so that the situation could not be worsened.

The proposal of Vietnam, he said, totally conforms to the fundamental interests of the peoples of Vietnam and China and to the trend for dialogue to solve disputes in the world, thus contributing to preserving peace, stability and cooperation in Southeast Asia.

**Minh Hai Purification Campaign Conducted**  
*BK051021 Hanoi Domestic Service in Vietnamese*  
*1100 GMT 4 Apr 88*

[Report on NHAN DAN 4 April article entitled: "Some Problems Raised During a Major Campaign in Minh Hai"]

[Text] Dear friends: Before and during the campaign to conduct self-criticism and criticism initiated in late 1987 by the provincial party organization, the Minh Hai provincial party committee Standing Committee concentrated efforts on solving cases of negativism still unsettled, considering this as an urgent task within the framework of the campaign to purify party organizations and the state machinery, enhance their militancy, and improve social relations.

In 1987, various grass-roots provincial party organizations concluded that party cadres were involved in most of the 725 cases of violations of party discipline and state laws. Disciplinary action was taken by party organizations against 630 party members, with 354 of them facing expulsion for their failure to meet party membership qualifications. Many party members have been brought before the court for legal prosecution because of their involvement in serious negative cases.

Dealing with the lessons on democracy and maintenance of state laws, the article said: The Standing Committee of the provincial party committee met many times, carefully studied the cases, and thoroughly examined the seriousness of each violation in an effort to reach the right conclusion. An announcement was made on 2 January 1988 regarding the forms of disciplinary action to be taken against a number of negative cases. These forms include expulsion from the party and recommendations for legal prosecution, as well as public announcement of the cases by administrative organs to keep all echelons, sectors, grass-roots party organizations, and the masses well informed of the incidents.

The violators include the director of the provincial grain supply corporation; cadres of the communications and transportation service, the fishing enterprise of the marine products service, and the car repair enterprise of the communications and transportation service; and the acting head of the mechanization branch of the agricultural service. These cadres committed such offenses as lack of democracy toward the people, repression of the masses, disrespect for party organizations, favoritism, failure to promote internal unity, violations of socialist property management principles, greed, involvement in illegal business operations, and even manhandling of inspectors and intimidation of honest people in an attempt to

obstruct investigation efforts. All five violators raised slush funds worth millions of dong, embezzled hundreds of thousands of dong, and caused losses amounting to scores of millions of dong to the state budget.

The masses reported all these negative cases to the party organizations and the administration at all levels. Nevertheless, efforts to solve them were slow. Many people were subject to repression after they had turned in letters of denunciation; their material and spiritual lives were at stake. As a result, dissatisfaction prevailed among the masses.

Many people went to the offices of the provincial party committee and the provincial people's committee to file complaints or sent letters of denunciation to the comrade leaders of the party Central Committee and the government, clearly explaining their innocence and earnestly asking for help.

Fully aware of the masses' legitimate demands, the provincial party committee instructed organs in charge of internal affairs to take action. With the help of central organs, the latter probed into and brought to light such serious negative cases as the ones at the Minh Hai provincial grain supply corporation and the Gia Rai District grain supply corporation.

The incident involved a veteran cadre holding the post of director of the rice processing enterprise which is now known as the provincial grain supply corporation. He deliberately acted at variance with the economic management principles by unilaterally lowering the recommended rice processing allowances; by keeping rice processing leftovers at variance with state regulations, which are also known as the regulations of the former Ministry of Grain; by belittling management; and so forth. As a result, more than 4,341 metric tons of rice, 6,752 metric tons of top grade rice, and 742 metric tons of fine rice chaff have been siphoned off. The total loss stood at billions of dong. He made illegal profits from the sale of more than 683 metric tons of wheat powder, 57 metric tons of cement, and 21 metric tons of pork. He also raised a slush fund worth nearly 6 million dong, spent extravagantly, and ordered his accountant and treasurer to provide documents bearing the seal of the former rice processing enterprise in an attempt to legalize his wrongdoings.

Together with the director, a horde of cadre chiefs of various services, enterprises, and branches of the corporation also got involved in these irregularities, but to different degrees. The provincial people's court imposed the death sentence on the leader of the grain purchasing station at Long Dien village, Long An Province. Ten other defendants were sentenced to 1 to 20 years of imprisonment for embezzlement of socialist property at the grain supply corporation of Gia Rai District.

The article clearly pointed out: Through the special handling of recent cases of violation of party discipline and state law in Minh Hai Province, we can draw some lessons on democracy and the restoration of discipline to purify and enhance the militancy of party organizations and state machinery.

At the provincial level, there were cadres shielding criminals. During an investigation of the provincial grain supply corporation director, a cadre said: If Pham Khoi could not stay here, he would go elsewhere and his position might be even higher. Earlier, Khoi himself, following an investigation, sent a message to a provincial cadre saying: Our camp has triumphed. The principle of democratic centralization has been seriously violated here, weakening the militancy of the party organization. The problem of democracy has been manifested clearly through the fact that the chairman of Vinh Hiep village people's committee, Bac Lieu city, out of personal hatred—because he could not obtain a loan—forced the owner of the village mill, whose wife had just given birth to a child 22 days before, to leave the village within 24 hours. In many other localities, there have been several reprisals against those refusing to connive and reporting the truth to the internal affairs agency, such as reassignments or termination, and even arrests under false evidence and unjustified detention, as in the case of Comrade Nguyen Van Be, party chapter secretary of the city's state fishing enterprise.

It is crystal clear that in quite a number of units, especially in the villages, the people's right to democracy has not been respected. The reason that the people's right to democracy has been encroached upon by some primary installations is primarily due to the fact that these installations themselves have no intramural democracy, thus, there can be no social justice. The phenomenon of democracy existing only in law and cadres following their own rules still occurs. It is noteworthy that in the Vinh Loi District tractor station, when the law was not seriously implemented and citizens' grievances were slowly settled, it was all the more necessary to persistently remove step by step the difficulties to restore party discipline and state law and consolidate the relationship between the party and the masses.

Each party organization and each party member must consider the respect for the people's right to democracy as a criterion for self-evaluation in practical daily performance.

The article then raised some problems in a negative case that was left unsettled for a prolonged period, citing: In hundreds of outstanding cases, the masses request that the truth be exposed. The people in Minh Hai Province have attentively followed the case and have shown their sympathy and support for Mr. Lu Van Dan, the father of Lu Anh Doi, an officer of the border public security defense force who was shot dead on 27 March 1979 at [name indistinct]. Mr Dan inquired about the case at an agency of the administration and was informed by the

provincial public security service that Lu Anh Doi was a traitor. He was shot dead to set an example for others. Lu Van Dan did not resign himself to defeat; he lodged complaints with the various central government agencies, but this case has yet to be clarified.

Through this negative case, we can see that procrastination is primarily due to the fact that there has not been a high degree of identity of views among the key leaders. It might be because there was no agreement between the source of information and the agency that handled the case, or the investigative component and its leader lacked scientific measures to secure adequate information or intentionally submitted false reports. This case further involved the economic, political, and social interests of each person or different groups of people, including relatives of people in positions of authority and people with protection, causing different understandings and interpretations of the cases and delay in settlements.

Agencies of the administration, especially the internal affairs, public security, control organ, state inspection agencies, and so forth are still reluctant to bring up the case. These agencies say that because the case occurred so long ago, it has become even more complex and difficult to discern, and because it involves people in positions of authority, misunderstandings may easily occur and even cause internal disunity. Thus the responsible agencies tried to pass the buck to one another. Finally, the case has fallen into oblivion for a long time.

Of concern is that some key cadres contend that bringing this serious negative case to court is washing dirty linen in public, thus impairing the prestige of party committee echelons, belittling the unit's achievements, and failing to cultivate the revolutionary traditions of the country. They do not see the countereffect though. In reality, the severe handling of cases of violation against party discipline and state law consolidates, all the more strongly, the people's confidence. However, if such cases are slowly dealt with, prolonging the people's sufferings, the prestige of the organizations will decline even more rapidly and the people's confidence will be lost.

Finally, the article pointed out some initial experiences in party building in Minh Hai Province as follows: The initial experience derived from Minh Hai Province is that the party organization must consider the emerging negative cases specifically and comprehensively to take satisfactory action in dealing with them. Normally, action must be taken from within the party first, then the cases will be brought to the administration and tried in accordance with the state law. No cadre is exempt from disciplinary action if he violates the law. Guilty people in high social positions must be all the more scrupulous and must prove their loyal attitude toward the party and the masses; they must be held fully responsible for their mistakes.



When cases are complex, involving many people and many echelons, they should be carefully examined yet resolutely dealt with. The wrongdoers holding high positions of authority must be dealt with all the more severely, and the people must be promptly informed of the results.

Correctly dealing with the mistakes of those people in positions of authority will help the masses see even more clearly that our party does not cover up mistakes for anybody, and they will believe all the more firmly in the party's severe discipline and justice of the law. In dealing with and resolving negative cases, we should uniformly apply all educational, administrative, economic, organizational, and control measures, etc. First of all, party organizations must specifically and accurately grasp the qualities of each cadre, especially those party members holding key leading positions in economic and internal affairs units.

The process of struggling against negativism is also the process of perfecting organization, revamping party activities, and building a pattern of self-criticism and criticism in party chapters. The Minh Hai provincial party committee has persistently followed this guideline and has received the sympathy and support of the masses.

#### **Draft Criminal Code To Be Publicized**

*BK041245 Hanoi Domestic Service in Vietnamese  
1100 GMT 4 Apr 88*

[Text] This afternoon, 4 April, the Office of the National Assembly and Council of State held a news conference in preparation for publicizing the draft criminal procedures code to solicit public comments, a Voice of Vietnam correspondent reported.

At the conference, Comrade Phung Van Tuu, vice chairman of the National Assembly, drew journalists' attention to the importance of the draft code. He pointed out: The code strictly defines the procedures of and order to follow in initiating legal proceedings, investigation, prosecution, trial, and execution of sentence; the power of state organs; and the participation of the mass and social organization in legal proceedings or their conduct of these activities. This is aimed at firmly and absolutely dealing with all criminal acts. Formulated under the motto of taking the people as the roots, the code will serve as a legal basis for satisfactorily solving the relations among state organs in litigation. At the same time, it defines the necessary forms of legal activities to bring into full play the organized strength of the people in the struggle against and the prevention of crimes.

The draft code will be widely released to gather suggestions from cadres and broad sections of people of all strata, and from various sectors, levels, and mass organizations for readjusting the code to make it a true reflection of the people's views and aspirations.

It is planned that the full text of the code will be formally publicized by the mass media organs on 6 April 1988.

#### **Various Economic Components Production Roles**

*BK041425 Hanoi Domestic Service in Vietnamese  
2300 GMT 3 Apr 88*

[NHAN DAN 4 April editorial: "Correctly Use All Economic Components and Release All Production Capabilities To Develop Socialist Commodity Production"]

[Text] Our economy, which consists of many components, characterizes the period of transition to socialism. Under the specific historical conditions of our country, these components include the socialist economy, which consists of the state-operated and collective economic sectors and is closely associated with the household economic sector. Other economic components include the small commodity-production economy, handicraftsmen, individual peasants, those engaged in individual business and service activities, as well as the privately owned capitalist economy, multiform state-run capitalist economy, natural economy, and self-sufficient or self-acquired economy.

All economic components tend to contribute their products to society and gain revenues for the state. However, they can still do more. Along with developing the state-operated and collective economies, it is our party's policy to correctly use and improve other economic components aimed at releasing all existing capabilities and latent potentials for the development of socialist commodity production.

The Council of Ministers recently issued a number of decisions concerning the policies for the collective economic units engaged in industrial production, industrial services, construction, and transportation; the policies for the household economy in production activities and production services; and the policies for the individual economy and privately owned economy in industrial production, industrial services, construction, and transportation.

Together with the other policies that have been and will be promulgated, we must gradually and uniformly formulate the policies for all economic components in the areas of production and service with the aim of concretizing and institutionalizing the correct use of all economic components, as pointed out in the sixth party congress resolution and other resolutions of the party Central Committee's second, third, and fourth plenums.

Each economic component should match a certain social force and form a type of relationship based on different forms of organization. Each economic component also constitutes a social form of a certain production force. If there are five economic components in our society, it does not necessarily mean that all of them must exist in every locality. It is necessary, however, for every sector

and every locality to have an economic component with a structural organization that suits their specific production and distribution conditions. On the other hand, while acknowledging the objective reality—the existence of these five economic components—and ensuring equal sociopolitical treatment among all economic components, we must pay attention to consolidating and developing the socialist economic components to enable these economic components to retain a decisive role in the entire process of the national economy.

The fundamental concept of these concrete policies is to determine specific things in a way that suits the social nature of each economic component so as to find out the concrete and most effective economic forms. This is aimed at developing the effectiveness of each component while promoting various forms of cooperation and integration among all economic components to develop their aggregate strength and constantly and firmly adhere to rapidly developing the production force along with consolidating and strengthening socialist production relations.

Therefore, each policy, which consists of many interrelated articles, should be distinctly perceived and uniformly enforced. Meanwhile, these concrete policies also contain interrelated points under a general system to help release all production capabilities while ensuring work assignment, cooperation, and a close link among the state-operated, collective, household, individual, and privately owned economies, thus enabling them to jointly develop socialist commodity production.

#### **Official on Vung Tau-Con Dao Special Zone**

*BK240545 Hanoi NHAN DAN in Vietnamese  
10 Mar 88 pp 1, 4*

[NHAN DAN Correspondent's Interview with Le Quang Thanh, member of the CPV Central Committee and secretary of the Vung Tau-Con Dao Special Zone party committee—date not given]

[Text] Question: Would you tell us what favorable conditions have been created for various corporations in the Vung Tau-Con Dao Special Zone to sign joint venture contracts with foreign countries following the State's promulgation of the law on foreign investment?

Answer: It is in this special zone that state policies, local demands and international trends for economic development meet. Since it was founded, apart from its central task of serving the exploration and exploitation of oil and natural gas, it was determined that the special zone must build itself into a perfect socioeconomic unit. In the early stage, faced with numerous difficulties due to insufficient land, a small population, poor material and technical bases, and meager funds, the special zone had to develop its dynamism and work to exploit and create aggregate economic strength on the spot. Meanwhile, various central-level and local economic units operating in the special zone began to seek joint venture

or business integration with one another. The situation of economic development demanded that the special zone expand all economic relations beyond its boundary. Steps were then taken to promote joint venture or business integration between economic units in the special zone and various corporations at the central level and other economic organizations and localities. The results obtained were very satisfactory and the "closed-door" policy of the past was unreservedly abandoned.

Joint venture and business integration within the country enabled various corporations in the special zone to overcome many limiting factors during the early stage and to constantly bolster their business operation funds and expand their material and technical bases. With new capabilities, and in the face of the new demands for economic development of the special zone, these corporations will not stop at the limits of joint ventures within the country. The time has come for them to acquire more capital, technology, and experience from foreign countries. In recent years, a number of our corporations have begun to establish relations with foreign countries. The results obtained during the early stage have enabled our corporations to gain experience, make themselves known to customers, and earn the confidence of state organs, especially various responsible ministries (foreign trade, foreign affairs, and interior), toward the special zone.

In 1987, a number of corporations in the special zone were authorized by the state to visit and prepare for joint ventures with foreign countries. If we say that the new law on foreign investment in Vietnam has been promulgated just in time for the entire country then, for the special zone, it has come at a time when conditions are perfect for satisfying the local people's aspirations and urgent needs for economic development. With capital, material bases and, in particular, the experiences that have been accumulated, all corporations in the special zone, upon establishing a joint venture with foreign countries, have been able to choose the objectives, scales, and forms of joint venture and map out plans for business projects with the consent of the local leadership. Particularly, they know how to seek support and suggestions from the comrade leaders and experts of various responsible ministries or sectors at the central level. These are why various corporations in Vung Tau-Con Dao have, under the present situation, been able to sign joint venture contracts with foreign countries in compliance with the law on investment. However, the signing of contracts could have been done in a more convenient manner had the state quickly provided sufficient guiding documents. It is certain that after the signing of contracts, these corporations still have to carry out many tasks and deal with many new problems, difficulties and obstacles. However, as we have been taught by life, we cannot succeed in our process of renovation unless we dare to accept and overcome difficulties in order to advance to this goal.

Question: Based on the spirit of the fourth party Central Committee plenum resolution and on the fact that there

is a law on investment, could you please outline the main features of the special zone's socioeconomic image in 1988 and some ensuing years?

Answer: Since the special zone was founded, its party organization and people have thought about its ideal socioeconomic image. Through 9 years of experiment, that image has gradually been transformed. At first, it was the image of a special zone with three economic advantages with oil and natural gas as part of the central-level economy and maritime products and tourism belonging to the local economy. As a basic production sector, the local maritime products sector should be vigorously developed toward maintaining a single important state enterprise with a few hundred vessels operating at sea to catch some 40,000-50,000 metric tonnes of fish and other maritime products annually.

However, experience in the special zone's socioeconomic development over the past few years has shown that apart from its advantage in maritime products, the special zone still has another characteristic—its proximity with Eastern Nam Bo and the Central Highlands which are rich with a diversified economy. Meanwhile, lying in an area that protrudes into the sea, the special zone also enjoys convenience in terms of international maritime service and directly faces a sea area with vast natural resources, dozens of oil rigs, hundreds of oil and gas service vessels, and thousands of fishing boats. Although its population is little more than 100,000, millions of people come to the special zone annually, either for business activities or tourism purposes. There are tens of thousands of them on a normal day and as many as 70,000-80,000 on a holiday. With these characteristics, the special zone puts great demands on service tasks and the exploitation of the service economy becomes a latent potential and a special strength. At the second congress of the special zone party organization when the special zone's economic structure was determined as an agro-industrial-fishery structure, it was clearly indicated that the special zone industry should be service industry. Service here must be understood comprehensively to encompass services in the sectors of oil; tourism; exports; imports; marine product catching, raising, and processing; agricultural products and handicraft industry; and service in support of the material and moral lives of the people and transient visitors. The forms of service here must be upgraded to the level of an industry in compliance with industrial rules. With the sense of supporting the service industry, at the recent fifth conference of the special zone party organization committee it was advocated that the investment structure for 1988 and subsequent years should be adjusted along the line of concentrating most of the capital construction funds on infrastructures. With the service industry and infrastructural installations established, the special zone's economic strengths such as tourism, export-import, marine products, handicrafts...will be thoroughly exploited, creating more job opportunities for workers to produce more goods in support of the three major economic programs of the entire country.

In 1988 and the next few years, the socioeconomic image of the special zone will be that of a special zone advancing toward the service industry. Over the past few years, the base of oil service has taken shape with the networks of oil rig installation enterprises, the system of oil rig conveyors, the system of modern cranes.... Many living quarters, including multi-story buildings, have been constructed for Vietnamese and Soviet oil workers and experts. A number of factories to repair oil rigs, and boats including fishing trawlers, have been projected for construction with both domestic and foreign investment. Old hotels and rest-and-recreation houses have been repaired and upgraded. A certain number of new modern hotels will be built as joint ventures with foreign countries. An import-export port area with adequate systems of piers, dumping areas, warehouses, and specialized stevedore teams is being built. Many enterprises serving the catching, raising, and processing of marine products will also be built and aimed at thoroughly exploiting the special zone's strength in terms of maritime products. These are the initial bases of a special zone engaged in a service industry of some importance in the southern part of the country. This service industry complex will support the tapping of economic potentials in the Eastern Nam Bo and Central Highlands regions. Its development is closely related to the socioeconomic development of these two regions. When the investment law has been promulgated, sources of capital from overseas will be selected and encouraged in the direction of helping to build a socioeconomic image as outlined above for the special zone.

#### **Over 1.3 Million People Settle in New Land**

*BK050753 Hanoi VNA in English 0711 GMT  
5 Apr 88*

[Text] Hanoi VNA April 5—So far, more than 1.3 million people across the country have settled down for sedentary life and farming, including 225,000 such people in 1987 alone.

Of the total figure, 66,000 people have been admitted to various state-owned agricultural and forestry forces.

The new settlers have reclaimed nearly 130,000 ha of land for agricultural production, especially the cultivation of industrial and native crops as well as medicinal herbs. They have also built 11,000 km of roads and 2,500 cultural and welfare projects such as schools, health stations, museums, etc.

Last year, people of various ethnic groupings reclaimed 2,300 ha of land for food production, built 61 small-sized irrigation projects which ensure enough water for more than 1,000 ha of cultivated land, put 2,200 ha under long-term industrial crops and built 234 km of inter-village and inter-district roads as well as tens of thousands of square metres of housing space.

This year, 150,000 more people are expected to move to new land for sedentary life and farming.



**Marine Transport Service Development Planned**  
*BK020415 Hanoi VNA in English 1450 GMT*  
1 Mar 88

[Text] Hanoi, VNA Mar 1—One of the main orientations for the development of Vietnam's transport service in the years ahead is to promote cooperation with foreign countries in order to draw more capital for gradually raising its organizing and operating capacity, improving its facilities and step by step satisfying transport requirements at home.

This was made known by Prof. Dr. Le Duc Hao, chief of the Department for Foreign Cooperation of the Ministry of Communications and Transport, in a recent interview with a VNA correspondent on the ministry's task of executing the law on foreign investment newly promulgated by the National Assembly.

Prof. Hao said that since the promulgation of the law late last year, more than 20 projects on economic cooperation with foreign countries have been studied and applied under the direct guidance of the ministry. These focus on economic contracts with foreign countries in construction, transport with shipping as the keynote.

By the end of 1988, Vietnam's mercantile marine had a dead weight tonnage of 321,000, which will be reduced to 100,000 tons in 1995. Instead, it will be supplied with newer ships of six to 12 years of age. The shipping service is building two major bases for dismantling ageing ships: one at the Pha Rung shipyard in the north and the other at Quy Nhon town in the southern province of Phu Khanh. These two bases can dismantle 44,000 tons of ageing ships a year for recycling. The service also plans to build two oxygen stations, one in the north and another in the south. Over recent years, Vietnam has cooperated with foreign countries in salvaging ships sunken in its waters during the Second World War.

In 1988 it plans to refloat ten ships off the coast of the central province of Nghia Binh on the principle of "no cure, no pay." Vietnam will get 51 percent of the property salvaged, the other party 49 percent.

One of the military's primary tasks for the time being is to further develop ship building and repairing. As for ship repairing, Vietnam will cooperate with Finland in raising the efficiency of the Pha Rung shipyard in Quang Ninh Province, northeast of Hanoi. It will sign a contract with Finland for the establishment of a joint venture for

ten years starting in 1989, to which Vietnam will contribute 60 percent of the capital. Under this contract, the joint venture will rent houses equipment and the dry-dock at Pha Rung shipyard from the Vietnamese Government.

The Pha Rung shipyard, built with 185 million Finnish markkas as nonrefundable aid from Finland, has so far repaired more than 30 Vietnamese and Soviet vessels, including 12,000-ton ships.

The Ministry of Communications and Transport is conducting a feasibility survey for the building of a shipyard in Ho Chi Minh City in cooperation with other countries. With regard to ship-building, the ministry is carrying out a multilateral agreement in organizing specialized production lines in the building of ships and barges for C.M.E.A. member countries. It is also executing an agreement with the Soviet Union on ship building and repairing. The Soviet Union is making loans to Vietnam to modernize three ship building facilities: Bach Dang and Ha Long shipyards in the north and engineering factory No. 2 in the south.

These facilities will build 15 ships of various kinds from now to 1990 and 292 ships and barges in the 1991-95 period.

The ministry built 12 ships and ferry-boats for Laos in the 1982-87 period and will sign a contract to build 6 vessels for Kampuchea.

In cooperation with Sweden, the ministry plans to use 10 million Swedish kronor as aid to build vessels for carrying bamboo, wood, and other supplies for the Bai Bang paper mill, and rice from the Mekong River Delta to the paper-making complex. Also with assistance from Sweden, Vietnam will build 500-hp ships, 1,000-ton barges, and tourist sailboats. A contract to build tourist sailboats for France is being considered.

Vietnam will import ship engines from the Soviet Union and other countries to build dredgers with a capacity of 300 cubic metres per hour.

In cooperation with foreign companies, the ministry will produce anti-shipworn and anti-corrosion paint for the home-market. The ministry has also signed contracts with Singaporean and French companies to hire ship crews for operation on sea-routes in Southeast Asia. It has also approached Greek shipping companies for a similar joint venture.

## New Zealand

### Soviet Naval Officer Clarifies Pacific Stand

BK041250 Wellington THE EVENING POST in English  
22 Mar 88 p 8

[Text] There are no Soviet warships in the South Pacific and the Soviet Navy did not and would not carry out manoeuvres in the area, says Russia's first deputy chief of naval operations, Vice-Admiral Dmitriy Komarov.

He was responding to questions put to him by THE EVENING POST at the invitation of the NOVOSTI Press Agency.

Vice-Admiral Komarov was asked for information on Soviet naval activities in the South Pacific and specifically whether any Soviet ships or submarines had passed through New Zealand's 200-mile economic zone or within its 12-mile territorial limit in the past 12 months.

He did not respond directly although he said "there are no Soviet warships in the South Pacific."

He was also asked what role the Soviet Navy played in the South Pacific, whether Russia had strategic interests in the region and whether it intended manoeuvres here.

He replied that the navy's principal mission was to defend Russia from the sea and to uphold USSR interest in the world ocean.

"The presence of Soviet warships in some areas remote from the Soviet coasts is a forced counter-measure taken in reply to United States actions. But our ships do not threaten anyone's security or sovereignty.

The South Pacific is not such an area and Soviet warships rarely if ever exercise their right to freedom of navigation there.

"In the South Pacific one can only meet research vessels of the Soviet Navy, which conduct periodic studies under national or international programmes. Training ships make voyages with cadets on board."

Vice-Admiral Komarov did not directly answer a question about whether the Soviet Union was building up its Pacific fleet.

"The Soviet Union does not do anything beyond what is needed for reliable defence, so the Pacific fleet at present is in strict conformity with our defence requirements in the far East.

"The number of surface ships, submarines and aircraft within its composition is determined by the limits of reasonable sufficiency to repulse a possible act of aggression against our country. What is more, there has been of late even a certain reduction in the number of Soviet missile-carrying submarines in the Pacific."

"Vice-Admiral Komarov denied any suggestion that Soviet trawlers collected intelligence for Russia.

"Soviet fishing boats, no matter what oceans of the world they may be operating in, are not sent, and cannot be sent on tasks for gathering intelligence data, because they do not have special equipment.

### Denies Cam Ranh Bay Soviet Base

BK041258 Wellington THE EVENING POST in English  
22 Mar 88 p 8

[Text] The Soviet Union does not have a naval base at Cam Ranh Bay in Vietnam, says Russia's first deputy chief of naval operations Vice-Admiral Dmitriy Komarov.

Asked to reply to American claims that it has expanded its presence there he described Cam Ranh Bay as a "temporary facility for logistical support of ships of the Soviet Pacific Fleet.

"It operated with the agreement of the Vietnamese Government and was only intended to replenish fuel, food and water supplies, to carry out minor repairs and to provide rest facilities for crews," he said.

"There are no Soviet-owned installations there and we do not lease the territory of Cam Ranh. Practically every call by Soviet naval and support ships in the port is made with the permission of the Vietnamese side."

The number of calls at the base was decreasing and the USSR had no intention to turn the logistic point at Cam Ranh into a military or naval base, he said.

The Soviet Union was a confirmed opponent of foreign bases.

He added that Soviet naval forces in the Indian Ocean were small and had remained "practically unchanged" since negotiations on the limitation of military activities in the area in 1977-78.

He said the Soviet Union had been compelled to build up its forces in the area to counter the build-up of American and Allied forces.

"The Soviet Union certainly cannot ignore this real threat from the southern direction and is compelled to take counter measures," Vice-Admiral Komarov said.

When asked about the deployment of aircraft carriers he said the Soviet Navy had no such vessels.

"We build air-capable cruisers and these up-to-date ships are commissioned, as a rule, to replace those that have served their service period," Vice-Admiral Komarov said.

**Reporter 'Debunks' USSR Admiral's Remarks**  
*BK041315 Wellington THE EVENING POST in English*  
*30 Mar 88 p 16*

[By Roger Foley, defense reporter]

[Excerpts] Soviet claims about the level of their military activity in the Pacific do not stand scrutiny, according to information made available to the POST.

The Soviet first deputy chief of naval operations Vice-Admiral Dmitriy Komarov told the POST last week that the Soviet Union did not have troops or a military base in Vietnam.

He also said the Soviet Union was a confirmed opponent of foreign bases, that the Soviet Navy's functions were based on a defensive military doctrine, that it had reduced the number of missile-carrying submarines in the Pacific, that it did not possess aircraft carriers and that Soviet fishing boats could not carry out intelligence gathering as they did not have "special equipment".

Vice-Admiral Komarov had invited the POST and other South Pacific media to put questions to him via the Soviet news agency NOVOSTI.

An outline of the answers published in the POST last week has concerned a number of people involved in defence and foreign affairs.

Vice-Admiral Komarov's claim that the Soviet Union is a "confirmed opponent" to foreign bases and that it has no troops nor a base in Vietnam is wrong, according to material freely available to Western defence analysts. The Soviet Union has several bases on foreign soil, including Aden, (Southern Yemen) and Vietnam.

Vice-Admiral Komarov had told the POST that Cam Ranh Bay was a temporary facility operated by agreement with the Government of Vietnam and used to replenish ships with fuel, food and water, to do minor repairs and to provide rest facilities for personnel.

He said there were no Soviet-owned installations at Cam Ranh Bay, that the port was guarded by the Vietnamese and the number of calls by Soviet ships was decreasing.

"I would like to emphasise that the USSR did not and does not have intentions to turn the logistic point at Cam Ranh Bay into a military or naval base." [passage omitted]

Wellington defence analysts say it is difficult to gauge Vice-Admiral Komarov's statement that Soviet naval calls to Vietnam are decreasing without a time scale being given.

Recent developments pointed to the reverse, however.

The assurance that there are no Soviet-owned installations at Cam Ranh Bay nor "leased territory" ignores the fact that the Soviets have a very large defence investment in Vietnam, particularly at Cam Ranh Bay.

Vice-Admiral Komarov's statement that the Soviet Union does nothing beyond what is needed for reliable defence in the Pacific is seen as subjective by Western defence analysts.

The question begs "what is enough," and the Soviets are seen as having a much greater military force in the Pacific than required for the "reliable defence" of their assets. [passage omitted]

Vice-Admiral Komarov's claim that the Soviet Union does not possess aircraft carriers has been disputed. The Soviets have a Kiev-class ship which supports a large number of helicopters and vertical lift Forger aircraft.

In December 1985 the Soviets also launched a massive new carrier which when fitted out is expected to displace about 65,000 metric tons and be 300m long.

The claim that Soviet fishing boats are not involved in gathering intelligence data because they have "no special equipment" has also been debunked.

Defence analysts say the boats collect data ranging from reports of naval vessels to port facilities and that this activity goes on in the South Pacific.



**END OF**

**FICHE**

**DATE FILMED**

4 April, 1988

